ROYAL COMMISSION ON SHIPPING RINGS.

2368
1941

REPORT

OF THE

ROYAL COMMISSION ON SHIPPING RINGS,

WITH

MINUTES OF EVIDENCE

AND 110513

APPENDICES.

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MINUTES OF EVIDENCE

TAKEN BEFORE THE

ROYAL COMMISSION ON SHIPPING RINGS,

AT

WINCHESTER HOUSE, 21, ST. JAMES' SQUARE, S.W.

TWENTIETH DAY.

Tuesday, November 12th, 1907.

PRESENT:

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

The Hon. C. N. LAWRENCE.
Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.
Sir A. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. W. H. MITCHELL.
Mr. OWEN PHILIPPS, M.P.
Mr. I. H. MATHERS.

Mr. J. A. WEBSTER, *Secretary.*

Mr. CHARLES MCARTHUR, called and examined.

Mr C. McArthur.

12 *Nov.* 1907

12383. (*Chairman.*) You are managing director of the Straits Trading Co., Limited, Singapore?—Yes.

12384. I think you have been good enough to prepare a brief of the evidence which you propose to give to us?—Yes, I have.

(*The witness handed in the following statement.*)

1. The tin exports from the Straits Settlements may be taken at 58,000 tons yearly. Of this total, the Straits Trading Company contribute about 41,000 tons, which is, roughly, one-half of the world's supply of tin.

2. The business of the Straits Trading Company is the purchase and dressing of tin ore in all the producing countries of the East, including the Federated Malay States, Siam, the Dutch East Indies, and Australia, the ore being smelted in their works at Singapore and Penang and sold by the Straits Trading Company to the merchants in the last two named places.

3. Not being shippers of their own product, neither the miners nor the Straits Trading Company can bring direct pressure to bear on the Shipping Rings, and the Malay States Mining Association has asked the Straits Trading Company to co-operate with them in bringing their grievance before the Royal Commission.

The miners contend that any freight in excess of 10*s.* per ton is an unfair tax on their industry, and at rates paid since July, 1898 (25*s.* to 32*s.* 6*d.* per ton), a sum of £43,000 to £65,000 annually has been improperly diverted from the development of the mining industry.

4. The Straits Homeward Shipping Conference began its operations in January, 1897. During the previous year the freight market had become demoralised, owing to excessive competition for cargo, and the rate for bag goods to London dropped as low as 6*s.* 3*d.* per ton. Under normal conditions the outward trade to the East requires much more tonnage than the homeward trade, and it was not unreasonable that shipowners should combine to prevent undue competition among themselves for cargo at unremunerative rates of freight.

5. The Shipping Conference, however, went much further than that, and, by the abuse of the power which they obtained, have advanced their rates of freight for tin, not with any relation to the service rendered by them, but solely with regard to their ideas of what the tin industry could be made to contribute.

6. My knowledge and experience of the Straits markets date from 1887, the first nine and a half years of which were with a firm who were large charterers of steam and sailing tonnage, my position for some years being that of manager.

7. Till the end of 1896 rates of freight were regulated entirely by the law of supply and demand. During that time the rate of freight on tin to London fluctuated between 5*s.* and 10*s.* per ton of 20 cwt.; but it was only during occasional periods of temporary scarcity of tonnage that anything over 5*s.* per ton was paid, and I think I am well within the mark in stating that at least 75 per cent. of the tin shipped to London paid only 5*s.* per ton. This applies only to Singapore shipments. From Penang, at which port fewer steamers then called, the rate was usually 2*s.* 6*d.* per ton more.

8. During the five years from 1892 to 1896, inclusive, the weekly market report of the Singapore Chamber of Commerce quotes no higher rate than 7*s.* 6*d.*, and even that rate was exceptional, the prevailing rate throughout being 5*s.* per ton.

9. Excluding the year 1896, when rates of freight for general cargo were abnormally low, the rate for sago flour and similar dead weight cargo to London ranged from about 17*s.* 6*d.* to 32*s.* 6*d.* per ton, Singapore scale. It cannot, therefore, be argued that in accepting 5*s.* per ton as a fair rate for tin, the shipowners were influenced by the necessity for accepting tin as dead weight, more particularly as water-ballast steamers were then quite common in the trade. On the contrary, practice established 5*s.* for tin as the equivalent for other dead weight at 17*s.* 6*d.* to 32*s.* 6*d.*

10. As further proof that shipowners considered the rate for tin fair and adequate, I may mention that in all charter parties for steamers chartered at a rate per ton Singapore scale, it was stipulated that tin paid only a quarter of the chartered rate.

Mr. C. McArthur.

12 *Nov.* 1907.

It is to be kept in mind that the advantages of tin as cargo, from the shipowners' point of view, are:—

(*a*) It stows 8 cubic feet per ton of 20 cwt.

(*b*) It is easily and quickly handled.

(*c*) It shows no loss in weight on the voyage home, consequently no shrinkage of freight.

(*d*) It can be stowed without risk of damage to any other cargo.

11. From the foregoing it may be assumed that 5*s.* to 7*s.* 6*d.* per ton was recognised as a fair and remunerative rate of freight for tin to London prior to Conference days.

12. That the Shipping Conference has abused its power over shippers, and has unduly taxed the tin industry is, I think, clearly proved by the following record of freights exacted. The Conference began its operations by establishing the rate for tin to London in January, 1897, at 10*s.* per ton.

	Per ton.	
	s.	*d.*
From February to November, 1897, the rate was	15	0
„ December, 1897, to June, 1898, „ „	20	0
„ July, 1898, to November, 1906, „ „	27	6
„ December, 1906, to 26th February, 1907, the rate was	32	6
„ 26th February, 1907, the rate was ...	25	0

The last rate being now current.

The reduction from 32*s.* 6*d.* to 25*s.* in February, 1907, was a concession granted after strong representations made to the Conference by the Straits Trading Company through the principal shippers from the Straits, but the present rate is still much higher than is fair to the trade.

13. It is claimed for the Shipping Conference that:—

First.—They have established a better, a more frequent, and a more regular supply of tonnage.

Second.—They gave to the shipper, under an optional bill of lading and for reasonable consideration, the privilege of shipping to practically any port in the United Kingdom, Continent, or America.

In regard to these claims, it is reasonable to expect that, during the past ten years, shipping facilities should have increased, as have facilities in other industries, in short, that shipowners have only moved with the times, but, even admitting that Conference conditions have brought about the improvements claimed, I am of opinion that they are exacting, in the shape of increased freight far more than the value of the increased facilities given.

To illustrate this view, the following comparisons of tin freights are given:—

During the period December, 1906, to 26th February, 1907.

—	Paid by Shipper.				—	
	Basis Rate of Freight.	Paid for Options.	Extra Freight paid by Shipper.	Total paid by Shipper.	Trans-shipment Charges paid by Shipowner.	Nett Freight collected by Shipowner.
	s. *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*
London terminal port ..	32 6	—	—	32 6	—	32 6
Do. with options ..	32 6	1 0	—	33 6	—	33 6
Swansea *via* London ..	32 6	1 0	2 6	36 0	7 9	28 3
Boston „ ..	32 6	1 0	—	33 6	15 0	18 6
New York „ ..	32 6	1 0	—	33 6	14 6	19 0
Rotterdam „ ..	32 6	1 0	—	33 6	8 9	24 9
Hamburg „ ..	32 6	1 0	—	33 6	10 9	22 9

From 26th February, 1907—now current.

London terminal port ..	25 0	—	—	25 0	—	25 0
Do. with options ..	25 0	1 0	—	26 0	—	26 0
Swansea *via* London ..	25 0	1 0	5 0	31 0	7 9	23 3
Boston „ ..	25 0	1 0	5 0	31 0	15 0	16 0
New York „ ..	25 0	1 0	5 0	31 0	14 6	16 6
Rotterdam „ ..	25 0	1 0	2 6	28 6	8 9	19 9
Hamburg „ ..	25 0	1 0	2 6	28 6	10 9	17 9

From the figures, showing the net collection by the shipowner carrying the tin to London, it will be seen that on rates now current the shipowner works for the American consumer for 16*s.* to 16*s.* 6*d.* per ton, while he exacts 23*s.* 3*d.* to 26*s.* from the British consumer. The inference from these figures is, that 16*s.* (the return on Boston tin) is a profitable rate of freight, and this confirms the main contention of the miners, nor should it surprise the Commission to learn that, on such favourable terms to the foreign consumer, 90 per cent. of the tin arriving in London is transhipped, mostly to America. The comparison, prior to December, 1906, is still more unfair to the British consumer.

14. With regard to the effect on the tin industry of the Federated Malay States and the Straits Settlements, of the excessive rates of freight under Conference, it is impossible to prove its exact weight in relation to production. On the 15th May, 1906, spot tin touched its highest price at £213, and on the 16th October, 1907, it had dropped to £135 10*s.* To-day it stands at £143 15*s.* The enhanced price of tin has been put forward as a justification for advanced rates of freight, and, to the outsider, the impression is that the miners are exceedingly prosperous. Contrast with this the production from the Federated Malay States, which, as compared with 1904, has steadily diminished in spite of higher prices. The fact is, the high sterling price has been offset by an advance in exchange, which, from the lowest represents a difference of 45 per cent. Dearer labour, intensified by the demand for labour for rubber planting (which will be a growing factor), the deeper and more expensive mining now necessitated, high freights outward on mining machinery, &c., excessive freights homeward on refined tin, all contribute to minimise the return on an industry which has to face the maximum of risks. That there are many rich mines which will pay, even at present price, is not disputed, but, on the other hand, there are many poorer mines whose cost of production is relatively higher, and with the ordinary fluctuations in the tin market there must come the day in the history of many of those mines when the difference between a reasonable and an excessive rate of freight will determine the life or death of the mine. Reports have just reached me of the abandonment of mines which, owing to the recent drop in price, had become unprofitable to work.

I contend, however, that the Shipping Conference has no right whatever to base its rate of freight on the prosperity or otherwise of the tin trade. They are entitled to reasonable remuneration for services rendered, and my object has been to show that a Combination, originally started for this legitimate purpose, has, by abuse of power, exacted rates which its members could not otherwise obtain and to which they are not entitled.

12385. (*Chairman.*) You are now giving evidence really on behalf of the miners and on behalf of the Straits Trading Company, are you not?—Yes.

12386. Your complaint is that the freight charged by what may be called the Conference Lines is excessive and unreasonable?—That is so.

12387. The tin which your Company smelts is exported to various countries, I suppose?—Yes, it is.

12388. Not only to Great Britain, but to France and other countries in Europe, and also to America?—Yes.

12389. Is it exported in foreign ships as well as in British ships?—It is largely exported in foreign ships.

12390. Those ships belonging to what country?—The principal foreign lines are German, French, and Dutch.

12391. Are there no American ships engaged in the trade?—One line only, I think, as far as I remember at the moment.

12392. Do those foreign ships sail at regular times?—Fairly regularly.

12393. Do the British ships also sail regularly?—They run regularly also, not necessarily at fixed dates, but with an approximate programme at all events.

12394. Do the greater number of the steamers belong to the Conference?—All the steamers loading from Singapore belong to one Conference or another; for instance, the Straits Homeward Conference operates to the United Kingdom and Continent; the New York Conference operates to New York direct.

12395. Do the Conference steamers adopt what has been called the system of deferred rebates?—They do.

12396. For how long are the rebates deferred?—I believe it is a question of paying six months' rebate within 12 months and another six months' rebate

after another six months. We are not shippers ourselves, and, although I have read the circulars that give that information, I could not speak authoritatively at the moment. It would be quite a simple matter to get one of the forms.

12397. We have one already. Do the miners form an association?—They have a miner's association with its headquarters at Kuala Lumpur, in one of the Native States.

12398. Will you give us some idea of the difference between the freight charged by foreign vessels and the freight charged by the Conference Lines?—All the ships running from Singapore are under a Conference arrangement. Whether they are loading from Singapore, for the United Kingdom or Continental ports, they are entirely under what is called the Straits Homeward Conference.

12399. Foreign and British?—Yes.

12400. So that there are no outside vessels?—There are no outsiders.

12401. Do they charge nearly the same freight on all the steamers?—I speak with regard to tin. They charge the same freight, for instance, to Marseilles, London, and Genoa. The basis rate of freight to the various ports to which the foreign steamers run is exactly the same as the basis rate of freight to London.

12402. What is the effect of *that*?—The only thing I complain of is, that the Conference has abused its power by its system of deferred rebates to put up rates of freight all round to a level much higher than they could in any other way take from the trade.

12403. That, therefore, would diminish the profit which you and the miners would make?—Which the miners particularly would make. I do not think that it in any way affects the Straits Trading Company's profits on the trade from the Federated Malay States. It does make their business with outside places a little more difficult, but that is a small part of the trade.

12404. Why do you say the rates which are charged are excessive?—I have given the figures for the ten years, 1887-96, in my statement. I take 1887 because that is the year in which I first went to Singapore, and I wish to speak only of what I know; and I take 1896 because that is the last year in which freights were regulated by the law of supply and demand. During that time, as I say in paragraphs 7-10 of my statement, the rates of freight may be taken as having been steady, between 5*s.* and 7*s.* 6*d.* per ton. I think the evidence I give clearly substantiates that.

12405. You are referring now to paragraphs 7, 8, and 9?—Yes; and I further point to paragraph 10, which shows that in all charter parties it was stipulated that tin should be carried at a quarter of the freight charged for other Straits' produce. For instance, chartering at 20*s.* per ton on the Singapore scale for ordinary cargo, tin, according to the terms of the charter, paid 5*s.* per ton.

12406. Before 1897 you say rates of freight were regulated entirely by the law of supply and demand, and the deferred rebate system came into force afterwards?—Yes; with the formation of the Conference in the beginning of 1897.

12407. Before that time did the freights vary very much?—Yes. I have mentioned in paragraph 7 of my statement that, excluding the year 1906, freights for ordinary dead-weight cargo fluctuated between 17*s.* 6*d.* and 32*s.* 6*d.* per ton; that is to say, in ordinary times freight would be in the neighbourhood of 17*s.* 6*d.*, while in times of scarcity of tonnage or pressure of cargo freight might have gone to a maximum of 32*s.* 6*d.* per ton.

12408. Before the rebate system came into force, were the sailings of the vessels as regular as they are now?—No, they were not quite so regular. Might I go back on the point I answered immediately prior to this question? I wish it to be clearly understood that in speaking of the rates of 17*s.* 6*d.* and 32*s.* 6*d.*, I am speaking of ordinary bag goods and general cargo as dead weight, and I am not speaking of tin at all. Tin was invariably taken at a rate of from 5*s.* to 7*s.* 6*d.*, with very few exceptions, during all that time. If I might supplement my statement with regard to this point, I would say that the Singapore tonnage scale aims at an average of 50 cubic feet per ton, and a certain weight is taken as representing that; for instance, copra is taken at 12 cwt., that being the quantity which represents as near as possible 50 cubic feet. In actual practice, the scale varies from 38 cubic feet in the case of gambier to 60 cubic feet or a little over for certain other articles. But, as I say, the average aimed at is 50 cubic feet, and tin, the one exception, stows 8 cubic feet to the ton.

12409. Would it not be possible for those who complain of the rebate system to engage other vessels at a lower rate of freight?—It would be possible, but I am afraid they are so tied up that they cannot do it without an immediate loss, which they do not care to face.

12410. I want to know about that. What portion does the retained rebate bear to the price of tin; could you give me some idea?—I have already told you that we are not shippers, and I do not exactly know what the amount of retention money is. It certainly bears a very small proportion to the value of tin.

12411. Do you not think it rather strange that those who complain of the rebate system have not the energy, courage, and enterprise to engage other vessels, and thereby get their tin carried at a lower rate?—It would be an extremely difficult matter for any shipper to attempt to bring in outside tonnage. In the first place, he would forfeit a fairly large sum of money; I do not speak merely of his rebates on tin, but he would forfeit rebates on any other cargo that he might have shipped, on which rebates were earned. Then he would have to face the certainty that the Conference Lines would at once take steps to make his charter, if it were a charter, most unprofitable to him.

12412. (*Sir David Barbour.*) Would it be possible for persons interested in tin to charter ships on their own account alone, and load tin only?—No, that would be absolutely impossible.

12413. It must be carried with other goods?—Yes.

12414. (*Chairman.*) Do you not think any such combination could be established or formed?—Two or three of the merchants by combining could do it, if they were prepared to face the forfeiture of what was due to them. Of course there are other interests which come in.

12415. Your complaint therefore is, unless I misunderstand you, that the rebate system places you, to a great extent, at the mercy of the Conference, and that they are in that way enforcing an excessive freight?—That is my complaint.

12416. (*Sir John Macdonell.*) You, as I understand, express not merely the opinion of the Straits Trading Co., but also the opinion of the Malay States Mining Association?—Yes.

12417. Might I ask what are the functions and the nature of the business of the Malay States Mining Association?—They represent the miners of the Malay States, and discuss their interests.

12418. Do they represent all the miners?—I do not know that all the miners are members of the Malay States Miners' Association.

12419. But practically it includes them?—I should think the bulk of them are members.

12420. As I understand, that association takes up the same position as your company with regard to rebates?—I have never discussed the question of rebates with them. As a matter of fact, many of these miners are Chinese, and possibly some of them do not understand how the Conference is kept together by this system of rebates.

12421. You use these words in your Brief, "The "Malay States Mining Association has asked the "Straits Trading Company to co-operate with them in "bringing their grievance before the Royal Commis-"sion"?—This is what I mean: Their grievance is, that the rate of freight has been excessively advanced by the Conference. They may or may not be aware that the Conference has been able to do that, as I think, by this system of deferred rebates; but they are aware of the fact that an excessive rate of freight is charged, and that is their complaint.

12422. Their grievance is, that they think they are charged excessive rates of freight?—Yes.

Mr. C. McArthur.

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12423. But to what these excessive rates are due, as far as you know, they have formed no opinion?—I daresay some of them have not got very intelligent views, and some of them may not, therefore, have done so.

12424. The price of tin, as we know, in recent years, has risen very greatly?—Yes. I have before me a table which I am prepared to hand to the Commission, showing prices for the last 20 years. (*See Appendix, No.* XVI.) I have taken from the year 1887 again right up to the year 1906, both years inclusive. That deals with the time that I know of, and it deals with the ten years prior to the Conference times, and the ten years subsequent to the Conference being started. It gives the highest price of the metal in each year, and the lowest price of the metal in the same year, and I have also worked out the mean price, so that it gives the approximate average price of tin for the year.

12425. With that table before you, can you answer me this question—Whether or not the 10*s.* which you suggest as a reasonable rate of freight bore the same relation to the price in the early years to which your table relates, as the present rates bear to the present price of tin?—10*s.*, in that case, would be considerably more than the percentage of advance in the price of tin. I have worked it out here. As I have said, I have taken the highest price in every year and the lowest price in every year, and I have worked out the mean price for every year. Then I have taken the total prices for the first ten years, and that divided by ten gives a mean average price for the ten years, 1887-96, of £91 6*s.* 4*d.*; the mean average price for the second ten years, 1897-06 (during which time the Straits Homeward Conference has been working) being £120 18*s.* 4*d.* That gives an increased value of £29 12*s.*, which is equal to an advance in value of 32½ per cent. What I specially wish to point out is, that the average value of tin has increased 32½ per cent., while freights for the same period have increased over 300 per cent., namely, from 6*s.* 3*d.*, prior to the Conference, to an average of 25*s.* 10*d.*, exacted since the formation of the Conference.

12426. Might I look at that table?—(*Document handed.*) Let us go by steps. As I understand from your statement to me, the first point that you make is, that while the price of tin has increased in the years which you mention 32½ per cent., the freight has increased over 300 per cent.?—Yes.

12427. According to this table, in 1887 you give the highest price of tin as £167, in 1888 you put it at £170, it falls in 1896 to £61, it begins to rise in 1897 from £63, and reaches the highest figure in 1906, when it is £213. To put it in another way, I gather from your table that the lowest price in the first decade was £56, and the lowest price in the second decade was £100, or somewhere about that?—I accept your statement; I have not the table before me at the moment.

12428. Would you now direct your attention to another matter. Can you tell me whether the 10*s.* bears the same relation to the price of tin in the first decade as the rate of freight in the second decade bears to the price of tin then? Do you follow me?—I am afraid I do not.

12429. In the first decade, I think that the freight was somewhere about 1 per cent. or nearly 1 per cent. on the price of the tin; is that so?—It was 6*s.* 3*d.*

12430. What was the ratio of the freight in the second decade?—It works out exactly at an average of 25*s.* 10*d.*

12431. I am not sure that I know what that means; is that per cent.?—No. I say, that the average rate of freight during the first decade was 6*s.* 3*d.* per ton (I took the mean between 5*s.* and 7*s.* 6*d.*); and I say that the average freight exacted by the Conference during the last ten years works out at 25*s.* 10*d.* per ton. I have given in that table, which you have, the price per ton for the metal during the first decade.

12432. Could you give me now the data upon which I can work out for myself the percentage?—I am sorry I could not.

12433. (*Chairman.*) I daresay you could tell us, generally; do you think the freight varied proportionately to the price of the tin?—At no time has it followed the fluctuations of tin. Tin is a very speculative article, and unless they fixed an *ad valorem* rate of freight for tin, it would be impossible to change the freight with every change in the price of the metal.

12434. (*Sir John Macdonell.*) The question I was coming to is this: If the tin could bear a freight of 10*s.* when the average price was £91 6*s.* 4*d.*——?—It did not bear that freight then; it only bore a freight of 6*s.* 3*d.*

12435. If it bore a freight of 6*s.* 3*d.* when the mean price was that which I have stated, can it afford to bear the present rate of freight at its present price?—Certainly not.

12436. (*Sir Alfred Bateman.*) May we have the percentage? (*Sir John Macdonell.*) I have asked for the percentage more than once?—I have given the percentage. The percentage on the value of the tin is 32½ per cent.

(*Sir Alfred Bateman.*) That is the increase.

12437. (*Mr. Owen Philipps.*) In the ten years, when tin was worth £91 6*s.* 4*d.*, the freight was less than a half per cent. on its value, and in the ten years when tin was worth £120, the freight was rather less than 1 per cent. on its value; is that not so?—I think I can work it out. The 6*s.* 3*d.* was much less than a half per cent.

12438. Something between a quarter and a half per cent.?—Yes.

12439. (*Professor Gonner.*) About a third, roughly?—Yes.

12440. (*Mr. Owen Philipps.*) And the 25*s.* 10*d.* is less than 1 per cent.?—The exact percentage can easily be worked out.

12441. (*Sir John Macdonell.*) You need not now stop to work it out. The freight, according to you, falls upon the miner?—Yes.

12442. So far as you are concerned, I understand you to say that the freight, practically, has no effect?—As far as our business with the Federated Malay States is concerned, it has no effect.

12443. But I think you added to your answer that it created difficulties with outside places; what do you mean by that?—As I state in paragraph 2, "The busi-"ness of the Straits Trading Company is the purchase "and dressing of tin ore in all the producing countries "of the East, including the Federated Malay States, "Siam, the Dutch East Indies, and Australia, the ore "being smelted in their works at Singapore and "Penang and sold by the Straits Trading Company to "the merchants in the last two-named places." The bulk of our business comes from the Federated Malay States. Any excessive rate of freight on tin produced from that ore is borne entirely by the miners, as far as we are concerned, and it makes no difference to our profits. But on tin ore which we buy from Australia, for instance, in competition with Australian smelters who have a lower rate of freight for tin from Sydney to London, the question of an excessive rate of freight from Singapore is one which increases our difficulties in the competition. But I do not want to make a point of that in my evidence.

12444. Are you aware that a Sub-Committee of the Singapore Chamber of Commerce has expressed an opinion in some respects favourable to the rebate system, on this ground, namely, that "cargo can now "be shipped to almost any port in the United King-"dom or Continent by better, faster, and more regular "shipping opportunities, and the speculative element "as regards rates of freight has now disappeared"?—Yes, I saw that.

12445. Do you agree with that?—I agree so far that as I say during the last ten years shipping opportunities are more frequent and more regular. Whether that is due to the Conference or not, I am not prepared to state—it is possible it is the result of that; I admit so much.

12446. They go on to say that this system "has "assisted to create easier financial facilities, reduced "the rates of marine insurance, and results in better "out-turn of the cargo carried." Directing your mind to the last phrase, "better out-turn of the cargo "carried," does your experience agree with it?—We are not shippers, and I would rather not express an opinion, because I have no shipping experience of my own in Conference times, though I had formerly. This can have reference to general produce only. The

out-turn of tin can only be affected by loss of the metal itself.

12447. (*Chairman.*) Can you tell me whether the miners or your company have made any complaints to the Conference Lines about the freights being excessive?—The miners do not come in touch with the shipping people at all.

12448. Have any complaints at all been made to the Conference Lines about the freights being excessive?—In regard to that I would refer you to the last part of paragraph 12 in my statement. I say there, "The "reduction from 32*s.* 6*d.* to 25*s.* in February, 1907, "was a concession granted after strong representations "made to the Conference by the Straits Trading Co. "through the principal shippers from the Straits." As I have already explained, we are not shippers ourselves, and therefore we have no standing with the Conference, but at that time I brought all the influence and pressure I could to bear upon the principal firms buying tin from us, those principal firms also being shippers with the Conference. Through them I put forward a claim for a reduction to 15*s.* per ton from 32*s.* 6*d.* These firms consulted at home here. I put it before them in Singapore, and I also put it before the firms at home, and through our agents in London these firms consulted together, and in conjunction with a former director of the Straits Trading Co. these matters were represented to the Conference people, particularly Messrs. Holt and the P. & O. Co. Several meetings were held. We were offered first of all a reduction of half-a-crown, which we said was totally inadequate. After something like three months, or nearly three months, we got the basis reduced from 32*s.* 6*d.* to the 25*s.* at which it now stands. That was against our claim of 15*s.* The merchants, I believe, asked that it should be reduced to 20*s.*; they said it was impossible to get it reduced to 15*s.*, so they asked that it should be reduced to 20*s.*; at all events, they got it reduced to 25*s.*, which we had to accept as we could not fight any more. There is one other point, if I might be allowed to call attention to it. It is *apropos* of something you said, which I forgot at the moment. I wish to call particular attention, at all events, to paragraph 13 and the scale of freight attached to that paragraph. I begin by saying, "It "is claimed for the Shipping Conference that, first, "they have established a better, more frequent, and a "more regular supply of tonnage; second, they give "to the shipper under an optional bill of lading and "for reasonable consideration the privilege of ship-"ping to practically any port in the United King-"dom, Continent, or America. In regard to these "claims, it is reasonable to expect that during the "past ten years, shipping facilities should have in-"creased, as have facilities in other industries—in "short, that shipowners have only moved with the "times; but, even admitting that Conference con-"ditions have brought about the improvements "claimed, I am of opinion that they are exacting in "the shape of increased freight far more than the value "of the increased facilities given." Then, to illustrate that view, I give a comparison of tin freights. I deal there with the tin coming via London. Taking the period from December, 1906, to 26th February, 1907, the consignee or the consumer who took the tin in London had to pay 32*s.* 6*d.* per ton; if the shipper at the other end paid 1*s.*, he had the privilege of exercising at this end, before the arrival of the goods, certain options—options, for instance, of transferring to other ports. So that if London tin was landed here, with the shilling paid for the option, it paid 33*s.* 6*d.* in freight. If on the arrival of the tin here, or before the arrival of the tin here, the consignee, say, wanted to send it to Swansea, he had then to pay an extra 2*s.* 6*d.*, making 36*s.* per ton in all. The cost to the shipowner of transhipping to Swansea was 7*s.* 9*d.* per ton, so that the steamer which carried the tin from Singapore to London got a net return of 28*s.* 3*d.* per ton. What I wish to point out is, that the same shipowner carrying the tin from Singapore to London could be called upon to send it across to the United States without any extra freight whatever, and the net return in that case would be 18*s.* 6*d.* to Boston and 19*s.* to New York. He could be called upon to ship it to Rotterdam, which would give him a net return of 24*s.* 9*d.*, or to Hamburg, which would give him a net return of 22*s.* 9*d.* In other words, he would take 32*s.* 6*d.* from the English consumer landing his tin in London, he would take 28*s.* 3*d.* from the English consumer landing his tin in Swansea, but he would be content with 18*s.* 6*d.* from the consumer in Boston, 19*s.* from the consumer in New York, 24*s.* 9*d.* from the consumer in Rotterdam, and 22*s.* 9*d.* from the consumer in Hamburg—in other words, the English consumer in every case had to pay extreme prices.

12449. (*Sir John Macdonell.*) The inference you draw is, that if the 16*s.* to Boston should give a profit, the 23*s.* 3*d.* paid by the consumer at Swansea must be excessive?—Yes, that is so, your reference being to rates now current.

12450. You also, I think, draw attention to the fact that some 90 per cent. of the tin arriving in London is transhipped and goes most of it to America?—Yes.

12451. Have you definite figures with regard to that?—No. That was a statement made in connection with the attempt to get the rates of freight reduced to 15*s.* The statement was made by one of the Conference Lines to our agents, that 90 per cent. of the tin arriving in their steamers had to be transhipped mostly to America, and the cost of this transhipment was a reason given for not reducing the basis rate to London.

12452. Are you at liberty to state who your informant is?—I think, perhaps, I am not at liberty to state more than that the statement was made to our agents.

12453. (*Chairman.*) By a member of the Conference?—Yes.

12454. (*Mr. Lawrence.*) Can you tell me whether the exports of tin have increased since the year 1897, when the Conference Lines first put up these charges, as compared with the decade commencing 1887, when there was freedom of supply and demand?—I am sorry I have not got any figures beside me to show that. I am home in this country on a holiday, and I did not come prepared with the full information that I should have had otherwise. I should think, on the whole, that the exports have increased probably as much in proportion.

12455. In proportion as what?—I should not think that the Conference has caused any decrease in the exports, if that is what you mean.

12456. I want to know whether there has been really an increase. We have got the figures in a statement of the exports up to 1897, before the Conference began, but we have not got the figures for the following years. What I want to arrive at is, whether the increase in freight, that you speak of, which has been caused by these Conference arrangements, has interfered with the export of tin?—I daresay I could get the figures.

12457. (*Sir Alfred Bateman.*) You would not be surprised to hear, would you, that the exports of tin from the Straits Settlements have increased since 1897 from 900,000 cwts. to between 1,100,000 and 1,200,000 cwts.?—No, I would not be surprised to hear that.

12458. (*Sir David Barbour.*) Is there not a great and increasing demand for tin?—There has been.

12459. And there has been great difficulty in supplying it, I think?—Yes, there has been.

12460. That would account for the higher price of tin, I suppose?—Yes.

12461. And for the higher export from the Straits Settlements?—The higher exports from the Straits are not a true indication of the local mining industry exactly, because my own company has been doing an increasing business in the importation and smelting of ores which have been imported from outside countries. The Malay States production of ore, I know for a fact, has been going down since 1904, and yet, I think, speaking roughly, the exports of tin from the Straits have not decreased during that time, because we have been importing a larger quantity of ore from the Dutch East Indies, from Australia, and from Siam.

12462. Into the Straits Settlements?—Yes, and smelting them in the Straits Settlements; then they go out in the shape of tin as exports from the Straits Settlements.

12463. Is it more expensive to produce the tin now in the Straits Settlements than it used to be?—Undoubtedly.

12464. Because the richer mines are getting worked

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out, and the poorer mines are coming into work?—Of course, that is so on the land which they now have, but I daresay there is plenty of available land further afield—in fact, I have not the slightest doubt of it. The policy of the Government is more conservative than it used to be, and they insist on stricter regulations; therefore, the miner cannot go from one rich patch to another rich patch with the same facility that he used to be able to do.

12465. The ore costs more to produce now, does it?—Yes; mining, generally, now is deeper than it was formerly, and, therefore, costs more. I have dealt with that in paragraph 14 of my statement, and I am assuming that the evidence I have given there, although I do not go over it verbally, will be taken into account.

12466. (*Mr. Lawrence.*) Is the tin cheaply smelted at Singapore?—It is.

12467. Consequently, you can afford to take it from these various places?—Yes. That is how we have acquired our present very large business, because we can give cheaper smelting facilities. In my statement, I deal with the question of the present cost to the miners, compared with what it was formerly, and if I might, I would like to read it. I say in paragraph 14, "With regard to the effect on the tin industry "of the Federated Malay States and the Straits Settle- "ments of the excessive rates of freight under Con- "ference, it is impossible to prove its exact weight in "relation to production. On the 15th May, 1906, spot "tin touched its highest price at £213, and on the "16th October, 1907, it had dropped to £135 10*s.* To- "day it stands at £143 15*s.* The enhanced price of "tin has been put forward as a justification for "advanced rates of freight, and to the outsider the "impression is that the miners are exceedingly pros- "perous. Contrast with this the production from the "Federated Malay States, which, as compared with "1904, has steadily diminished in spite of higher "prices." I am not speaking here of exports from the Straits Settlements, but I am speaking of the production from the Federated Malay States. "The fact "is, the high sterling price has been offset by an "advance in exchange, which from the lowest repre- "sents a difference of 45 per cent. Dearer labour, "intensified by the demand for labour for rubber "planting (which will be a growing factor), the deeper "and more expensive mining now necessitated, high "freights outward on mining machinery, &c., exces- "sive freights homeward on refined tin, all contribute "to minimise the return on an industry which has to "face the maximum of risks." I merely wish to point out that the miner, in spite of higher prices which are not always permanent, is not necessarily making more profit than formerly.

12468. (*Mr. Barry.*) Do you know of any kind of raw material or any class of general merchandise that is carried for a smaller percentage of its value than tin?—My experience has been so exclusively in tin from the Straits that I do not know; but there might be for anything I know. I have no other experience, and therefore my opinion is worth nothing on that point. Referring to a previous answer, I can state positively that prior to December, 1906, when the rate of freight on tin from Singapore to London was raised to 32*s.* 6*d.*, tin was carried from Sydney to London at 17*s.* 6*d.* per ton.

12469. Are there any direct shipments from the Straits Settlements to New York or Boston?—There are to New York.

12470. And the freight is the same, I presume, as to great Britain?—Yes, the freight is 25*s.*

12471. The same thing, I presume, applies to Rotterdam and Hamburg?—Yes.

12472. So that, although the shipowner gets less into his pocket by shipping to New York or the Continent, the user of tin in Great Britain is at no disadvantage, and his competitive position is not influenced at all or affected?—I say that the British consumer loses his advantage in that way; that is to say, the advantage of cheaper freight to London than to New York which he enjoyed prior to Conference times.

12473. But he is placed at no actual disadvantage if the rate of freight to his competitors is the same?—Except this, that tin is a curious article, in so far that it is very largely in the hands of very clever London metal brokers.

12474. (*Mr. Lawrence.*) What is that?—The tin trade is very much in the hands of very able metal brokers in London. They have for years conducted this business, and I think it is very creditable that so much of the business comes through London, in spite of the disadvantage that London suffers. That is due to the foresight of those men, who have made a close study of the business. Through their ability they bring a large portion of the business for America and for the Continent to London in the first instance, and from London they divert the tin to the various ports where they can work it most profitably. I say that it is due entirely to the speculative views and to the ability, if you like, of those men that the tin in the first place comes to London. I say if they could get the same price for the tin in Swansea that they get for the tin in New York, I have no doubt they would be prepared to sell it to Swansea, but the Conference arrangement compels them to get so much more from the Swansea shipper than they get from the New York shipper in proportion to the relative costs of transport.

12475. (*Mr. Barry.*) I understood you to say that the freight to Boston and New York from the Straits Settlements, and also to Rotterdam and Hamburg, was 25*s.* per ton?—I do not know about Boston; it is to New York.

12476. Then presumably, it is the same to Boston?—Yes, and probably to Hamburg and to these other ports. I am speaking of the direct rate.

12477. Is it not obvious that if the freight to the Continent and to New York and Boston is 25*s.* per ton, the shipowner carrying tin to London could not get any freight if he charged higher than 25*s.*; and is it a matter for complaint that he makes arrangements to carry it to the Continent and Boston for his own purposes?—I say that he is enabled to carry that tin to New York, to Boston, to Hamburg, and to other places viâ London, by extorting a higher freight to London than is necessary. The attitude taken up by the Conference people when they put that forward as a reason for not reducing the rate to London is proof in itself that it is so. They assert that the transhipment charges they incur in shipping the tin to other ports are such that they could not afford to reduce the rate to London. I say if they fixed a fair charge to London, and added to it the cost of transhipment to these other places, there would be no injustice to that trade, and there would be no injustice to the London consumers. Prior to the formation of the Straits Homeward Conference, London freights were 3*s.* 9*d.* to 7*s.* 6*d.* per ton less than New York. Since the formation of this Conference the London rate has never been lower than the New York rate, and for long periods it was 5*s.* to 12*s.* 6*d.* per ton above it.

12478. Would it influence the conclusions you have arrived at if it could be shown that there is no class of raw material in the world, and no class of general merchandise, carried at a smaller percentage of its value than tin is carried at?—I suppose I should be bound as a reasonable man to consider that, but I cannot get over the fact that for ten years prior to Conference times, and under a system of free trade in shipping, the same class of steamers (except for any slight improvement which has been going on all over the world in shipping) took the same article at 5*s.*; and I cannot for the life of me see why they now charge 25*s.*

12479. For the ten years previous to the establishment of the Conference Lines, the price of tin ruled very low, I think?—No. I have already shown that it only ruled 32½ per cent. lower than the following ten years.

12480. But 32½ per cent. is a considerable amount, is it not?—As I say, I am quite prepared for an increase of 100 per cent. in the freights.

12481. In an article that varies so much as tin, an article that went up £50 or £60 a ton, do you think it unreasonable for the shipowner to ask for a freight less than 1 per cent. of its value, when he had been taking a freight of one-third per cent. of its value?—I know for a fact that specie is carried to any port of the Far East for a half per cent. Specie requires very special precautions to be taken in the shipment of it, it requires a special place to be stowed in, and it requires special care to see that it is not stolen—

because it is liable to be stolen. Tin is not liable to be stolen, and it can be stowed in any part of the ship; there is no loss of weight in it; it damages no other cargo with which it is stowed, and no special precautions are taken. There is no fear of loss by theft, because it is in heavy slabs, and they could not run away with it.*

12482. When the value of that tin is at all high, I suppose the shipowner has a heavier insurance to pay, and as he has to pay insurance on the value, his charges for insurance will be considerably increased?—I do not see that the shipowner has to pay any insurance on the tin at all.

12483. Does the shipowner take no risk in carrying the tin?—Absolutely none. The shipper takes all that risk himself.

12484. And the shipowner has no risk whatever?—None whatever; at all events, it is a new feature to me, and I have never heard of it; I am quite certain of that.

12485. (*Mr. Mathers.*) Has he no responsibility in the case of theft?—He is responsible as a common carrier for the safety of the goods entrusted to his care, and I say that the risk of theft is nil, as no one could run away with a slab of tin.

12486. I have known of pig-iron being stolen from the wharves in New York?—On that subject may I be allowed to say that I am in very close touch with all the big buyers and all the big shippers in Singapore, and I am quite certain that if there was any loss or any claim against the steamer I should be in the way of hearing it. Sixpence per ton on the total quantity of tin from the Straits will give £1,450 per annum. It would be a very interesting question for this Commission to ascertain from shipowners how much their loss has amounted to on tin in the course of a year. I should be extremely surprised if the loss from all causes—theft, carelessness, or anything else—amounts to 6*d.* per ton of tin in the course of a year.

12487. (*Mr. Maddison.*) Just a question or two about this international Shipping Ring, as one must call it, which prevails in your district. I understood you to say that all foreign steamers were under the same Conference, the same Ring, and had the same freights?—Yes. I am sorry that I have not got with me a list of the steamers that are running under that Conference, but I can name the principal lines.

12488. I do not want that, thank you. I gather from your evidence that you think that under an open freight market there would be discriminating freights to various ports?—Yes.

12489. And that in that discrimination the British trader would gain?—Undoubtedly.

12490. That was your experience under the open freight market, I think?—Certainly.

12491. I should like to ask you about the facilities which you actually had before this Shipping Ring was formed. You have made it clear in your evidence that you expect in ten years even shipowners to advance with the times—I notice you are charitable; but what were your actual facilities then—were they rather indifferent, or what? Had you had difficulty in getting the stuff away?—For the principal ports—and it is to the principal ports that the bulk of the business goes—we had very good facilities, indeed.

12492. Then you really tell this Commission that in an open freight market, to the principal ports, at any rate, the facilities were sufficient for the purpose?—They were, on the whole.

12493. I suppose you had to make complaints, but they were not serious, is that it?—There were no serious difficulties at all.

12494. Then in regard to the minor ports, if I might use that term, the arrangements were rather bad, I gather, under the old system?—To the minor ports there were delays, undoubtedly.

12495. Why was that?—Because, I suppose, there was a small quantity of cargo, and there were not the same frequent opportunities to ship to these ports. In that respect, I am prepared to admit that the Conference arrangements have improved matters.

12496. But that admission only applies to what is a smaller part of your trade?—It only applies to a very small part of the trade. For these advantages, the bulk of the business has had to suffer seriously. I am speaking only of tin, because I prefer, to speak of an article I know.

12497. I gather that. You have been asked why the shippers do not combine, and, I gather, your reply to be that combination amongst them is not practicable?—I do not say it is not practicable; I say that it is unlikely—at all events, it has proved so up to date.

12498. One reason why the shipper does not consider it his business to be a shipowner is that it is out of his line, so to speak; is that not so?—I am afraid it is self-interest entirely. Of course, he is not a shipowner.

12499. I am not speaking about the chartering of vessels, I am speaking about where you cannot fill a vessel by one merchant, or one shipper, whatever you call him. I suppose that chartering is a most simple thing when you can charter a whole ship?—Chartering was very simple.

12500. You have told us, also, that one reason which operates against their starting vessels on their own account, is the amount that they are liable to forfeit through the deferred rebate system?—Yes.

12501. Could you give us any idea what that amount would be?—I am very sorry I cannot. We are not shippers, and I am only speaking of what I believe and hear. I cannot give the figures.

12502. I take it you cannot give me exact figures, but I wonder if you could give me something like a figure that you need not bind yourself to, but which, as a man of great experience, you know is somewhere near. Could you give me that sort of figure, so that I, at any rate, may assess the value of your statement when you talk of having to forfeit large amounts? What does that mean; could you give us some approximate rough figure?—I would rather not answer that question, if you do not mind, because I do not know.

12503. I suppose, you realise that when you give this forfeiture as a reason, and you do not name any amount, your evidence has not much value?—Yes; but if I stated an amount that the people who know absolutely, or, at any rate, who know much better than I do, will tell you is wrong, that would make me appear ridiculous, and would make my evidence so much weaker. I prefer to give evidence on what I know.

12504. (*Professor Gonner.*) I suppose this can be easily ascertained from some other witnesses?—I should think the shipowners could give you that information better than anyone else, if they would.

12505. (*Mr. Maddison.*) How much tonnage does your firm, for instance, average per year?—We do not ship one ton. We sell to the merchants, and they ship. I have mentioned in my statement that we contribute about 41,000 tons to the exports from the Straits Settlements.

12506. My fellow Commissioners beside me, who are mathematicians, have got it at once; they say it is about £2,500 that you would have to pay?—We have nothing deferred. We do not ship, and therefore we do not participate in these deferred rebates, nor do we want to.

12507. It does appear—and that is the only point I wanted as to this—that the figure which it must be is not the kind of figure that would really operate against your starting ships of your own, even if you had to lose it?—If the shippers were assured of ultimate success in their scheme, I have not the slightest doubt that the figure would not stand in the way.

12508. (*Chairman.*) Would you repeat that?—I say that if a combination of two or more shippers were assured of their ultimate success in a fight against the Conference, I do not think the immediate loss would prevent their doing so. I give that as my opinion, with the reserve that I am not a shipper, and I do not know really what amounts they stand to lose. The principal firms stand to lose more than the small ones, and although they are the people who are more able to break the Conference, it is less worth their while to do it.

12509. (*Mr. Owen Philipps.*) At the end of paragraph 14 of your statement you say, "I contend, how-

* Mr. McArthur subsequently wrote to say that the actual *ad valorem* percentages of freight for which he was previously asked are—1st period 0·34 per cent., 2nd period 1·06 per cent.—J. A. W.

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"ever that the Shipping Conference has no right "whatever to base its rate of freight on the prosperity "or otherwise of the tin trade." Are you aware that we have evidence before us that in many trades the complaint against the shipowner is that they in some instances have not sufficiently taken into consideration the bad state of trade in a particular business?—That is quite possible.

12510. Am I to understand that you think the shipowner ought not to take into consideration whether a trade is bad?—I think with regard to the prosperity of a trade, the shipowner might take the view that he was entitled to a generous rather than a poor rate of freight, but not more than that; in other words, he might claim to get 15*s.* per ton instead of 10*s.*

12511. So do you wish to stand by this statement, that they ought not to take into consideration whether the trade is bad?—I wish to stand by that statement as far as it refers to the tin trade, which is the only trade that I have to deal with.

12512. You honestly come and contend here, that if the trade is very bad, the shipowner should not take that into consideration at all in fixing his rate? Suppose things are very bad in the Straits Settlements?—I am quite satisfied that the Shipping Conference would not take that into account in the slightest degree.

12513. Do you contend that if the trade is very bad they ought not to take that into consideration?—Yes, as far as tin is concerned, I do.

12514. That they ought not to take that into consideration?—Yes, as far as tin is concerned.

12515. I will deal with the other trades with some of the other witnesses. You actually contend that in a trade where a thing has increased in value by £29 a ton, if the shipowner asks very considerably less than £1 of that £29 increase, it is a most unreasonable position?—Yes, because he is not in a position to know whether the miner is getting that difference in the price or not. As a matter of fact, the miner is not getting that increase in the price.

12516. May I ask, if you alter your arrangements and ship entirely in the future by tramp steamers what insurance you would have to pay? When previously you shipped by tramp steamers, how much extra had you to pay for insurance?—It is a long time since I have had anything to do with insurance.

12517. Give it me approximately?—I should think it might cost about 2*s.* per cent. In other words, on £120, the value of a ton of tin, it would cost about 2*s.* 6*d.* per ton more. I say that with all reserve, as we are not shippers.

12518. That is, it would cost you about 2*s.* per cent. more by the tramp steamer than by the mail boat?—It would cost about 2*s.* 6*d.* per ton more to ship by outside steamers than it would to ship by the present line of steamers.

12519. For insurance?—Yes, I think so.

12520. So at least you do get that advantage by shipping by the mail steamers?—But we shipped by the same steamers prior to the Conference days; we shipped by the regular liners then, so there is no advantage in that.

12521. Supposing you did come to some arrangement and shipped, not by the Conference steamers, but by outsiders, what difference in time and what interest would that represent? Take a mail steamer between the Straits Settlements and London, as compared with a tramp steamer?—I think that is scarcely a fair question, because we were not dependent on tramp steamers prior to the Conference days. We had regular liners then—the same liners that we have now.

12522. Could you answer the question; whether it is a fair question or not the information may be interesting to the Commission?—I beg your pardon.

12523. Approximately, with tin at £140 a ton, what would the difference be to the shipper on its coming by the mail steamers?—Would you allow me to work it out?

12524. Yes, approximately?—Do you wish particularly mail steamers, or the present regular liners?

12525. A mail steamer as against a tramp steamer?—I am not quite sure. Suppose, we say, that a tramp steamer from Singapore would take 35 days, and a mail steamer about 28 days; that would be a difference of seven days. Six per cent. is the common rate of interest in Singapore; that is a half per cent. per month, and the fourth part of a half per cent. (to cover the seven days) on £120, which is the average value of the tin, would represent a saving of 3*s.*, roughly.

12526. So that if the shippers came to an arrangement to ship by tramp steamers they would actually lose about 3*s.* a ton in interest and about 2*s.* a ton in insurance, and would be actually out of pocket unless they got freight at least 5*s.* lower than that charged by the mail steamers?—Yes. That is the true comparison between a tramp and a mail steamer.

12527. (*Professor Gonner.*) Are all the steamers in the Conference, mail steamers?—No. The bulk of them are cargo steamers.

12528. Then to that extent, of course, the saving which has been suggested by Mr. Owen Philipps would not be so great?—No.

12529. Do you think that the comparison between the tramp steamers, who are now earning a very precarious existence, if they can claim any existence at all, is any adequate criterion?—No.

12530. That is, if there were an opportunity for outside boats, do you think the outside boats would improve and be a better means of carriage than they are?—It is natural to suppose they would. They would meet the requirements of the trade.

12531. At present, they cannot come in, practically at all?—At all events, not in the Straits.

12532. You were asked a question about the amount of deferred rebates, and it was pointed out that the amount of forfeiture, the penalty, would really not prevent, as, I think, you agreed, a shipper taking advantage of outsiders if he could be assured of the continuance of the service?—If he could be assured of ultimate success in his fight.

12533. The system, I suppose, prevents casual chartering altogether?—Yes, it does.

12534. So that it is effective in that degree. Referring to the point in your last paragraph about which you have been cross-examined a good deal, I suppose the contention that the Shipping Conference has no right to base its rates of freight upon the prosperity or otherwise of the tin trade, is rather a question whether rates should be based on prices?—They never have been based on prices, and even on any reasonable *ad valorem* basis the rate of freight now charged is most excessive.

12535. But you think that, as a matter of general principle, the rate of freight should be based on the service which is rendered; is that your point?—Yes.

12536. And not on the price of the commodity carried?—That is so. I think the shipowner is not in a position to say what that price really means to the producer.

12537. (*Chairman.*) If there were free competition and no Conference Lines with the rebate system, then, I suppose, the freight would not depend upon the price of the article?—No, it would not.

12538. (*Professor Gonner.*) So that you consider they have taken advantage of their position to take into account an element, which, as the Chairman says, cannot be taken into account very well under a system of free competition?—Yes.

12539. There have been one or two points raised with regard to the Straits Conference which, perhaps, you can give us a little information about. Do you know the report of 1902? In that report there was a statement—and, of course, I am merely putting this question to you to see whether you can give us any information—that the Conference system has favoured foreign shipping and has led to the development of foreign lines?—I can only give my own general impression as to that. I certainly think it has.

12540. Have you put together any reasons why the foreign shipping should have this advantage?—The principal reason is, that the foreign tonnage has increased much more in proportion during that time than it did prior to that; at least, that is my impression.

12541. Why should it be an advantage to foreign tonnage rather than to English tonnage? I thought,

perhaps, you might suggest some reason?—Why it should be of more advantage to them? The British shipowner was first in the field; he had the trade, and, presumably, he knew more about it than they did; but fixity of freights on a much higher level gave them the opportunity to come in and do the trade profitably, which otherwise they would have had to compete very keenly for, and, probably, they would not have been so successful under keen competition.

12542. That is your view?—That is my view.

12543. Have you any idea what proportion of foreign lines were in before?—No. There are one or two men connected with the Straits, who, I believe, are to give evidence, at least, I understand they are going to give evidence before the Commission, who are probably better posted than I am with regard to that. I am home on a holiday, and I have not really come prepared, except as regards my own particular industry.

12544. They could tell us, could they?—I think so. They could express an opinion, at all events, better than I can.

12545. I do not know whether you will say this further question should also be referred to others. With regard to the increase in the advantages to the minor Continental ports, it is said that the Conference has led to and developed direct trade from Singapore to the lesser Continental ports?—I think those gentlemen can answer that, too; because they are dealing in general produce. That is a question which does not affect the tin trade materially.

12546. Does not the tin go to the minor Continental ports, then?—Yes, it does; but these gentlemen are men who have not only been shippers of general produce but have been shippers of tin:

12547. I see the point, you do not ship?—As a matter of fact, when I sell the tin my interest in it, more or less, ceases. They have to transport the tin to the different places, so that they are in a better position to speak about that than I am.

12548. (*Captain Collins.*) You have expressed your opposition to the system of rebates and the system of Shipping Conferences; do you think if rebates were abolished Shipping Conferences would not exist?—That is a difficult question to answer, but I think that combinations for the proper maintenance of the business might exist without deferred rebates.

12549. But you are not opposed to Conferences; your opposition is to rebates?—I am not opposed to combinations.

12550. You are opposed to rebates?—Yes.

12551. Have you formed any opinion as to how you would get rid of the system of rebates?—No; that is a question that I am scarcely competent to answer. I should like to see deferred rebates made illegal, because I think they are at the bottom of the whole of the trouble connected with our Conference.

12552. Do you think making them illegal would have the desired effect?—If they could be effectively made illegal, I think that would have the desired effect, that is to say, I think that the Conference (if the Conference continued) would be run on lines which would secure fair treatment to shipping and to the shipper.

12553. There is no modification of the existing system that you would approve—nothing short of the total abolition of the rebates would suit you?—Perhaps, you gentlemen are much better posted than I am with regard to the Conference that exists from Calcutta; but if I understand it rightly, it is a Conference which regulates the freight from time to time according to the value of tonnage, without in any way having deferred rebates; I may be wrong, but that is what I understand.

12554. (*Professor Gonner.*) They form a three years' contract at a fixed rate, I think?—Is it fixed for three years?

12555. I think we had evidence to the effect that there was a three years' fixed price. Would that suit you?—It would depend on the rate fixed. I understand that in Calcutta they fix it from time to time, and not for any fixed periods. I was told that large shippers will meet the Conference people and say, "At "the present time we can charter steamers for, let us "suppose, 20*s.*, your rate is 22*s.* 6*d.*, what are you "going to do?" They would consult together, and they say, "If 20*s.* is a fair rate of tonnage, we will "make it 20*s.*" This I have only on hearsay, and I do not know it as a fact.

12556. I was mentioning what the tea exporters told us?—At all events I should be quite satisfied with a Conference which was really representative of the shippers and the shipowning interests, which therefore would allow the rate to be fixed at a proper level without rebates or penalties. Our Conference began quite well as regards tin.

12557. (*Captain Collins.*) Was it in conjunction with the merchants?—Now it is nominally in conjunction with the merchants, that is to say, there are merchants on the local committee in Singapore.

12558. Do you think the rates should be uniform, that there should be no difference between a large shipper and a small shipper, and that a large shipper should get no preference?—It is a very difficult question to answer. I am afraid that in every trade the big man has, and thinks he is entitled to, advantages which the small man does not get. That would be a difficulty, and I do not know how you could get over it.

12559. Under the present system, the small man would get an advantage which he might lose if this system was abolished, might he not?—No, I think that under the present system, the small man is really at a disadvantage, because, of course, the larger men get the larger rebates. That, I daresay, you have had evidence upon.

12560. (*Sir John Macdonell.*) The smaller men are at a disadvantage, do you say?—Yes.

12561. (*Professor Gonner.*) Because of the extra 5 per cent.?—Yes.

12562. (*Captain Collins.*) I asked you if, under the present system, the small man has advantages which, if the system were abolished, he would lose?—I do not think so.

12563. (*Chairman.*) Do you mean by what you say that the shipowners grant preferences to large merchants?—It is a well-known fact that certain large shippers from the Straits get, in addition to their ordinary rebate, an extra rebate, which, I think, is 5 per cent.

12564. (*Captain Collins.*) That is in no way a secret rebate, is it?—It was originally, and even now I do not think, except themselves, anyone knows exactly what it amounts to.

12565. (*Sir Alfred Bateman.*) Who pays this rate of freight?—The shipper.

12566. Does he get it back from the purchaser?—That is raising a somewhat difficult question.

12567. Supposing to-morrow the rate of freight was raised 20*s.* a ton, would he get an increased price of 20*s.*?—Not necessarily. He would deduct it, that is to say, the shipper would offer to my company a price equivalent to the value of the tin in London or elsewhere, less the amount of the increased freight.

12568. That is what I want to get from you. I was told in South Africa lately that that is the case with the wool trade of South Africa, and if there is an increase in the freight for wool, the exporter from Africa would get so much less, and the farmer would get so much less. You say the same with regard to tin?—I say so, certainly.

12569. Is not the amount of tin from the Malay States so important that it governs or nearly governs the price in London?—I have only to point to the fact that since June last year there has been a drop from £213 to about £138, at which it stood yesterday. If the miners of the Malay States could do as you suggest, they would never have allowed that drop to take place.

12570. You mean there are so many other circumstances that are stronger?—Yes.

12571. I think you spoke of certain brokers in London, able people, who manage the business of getting the tin to London?—Yes.

12572. Are they a Ring?—No, not at all.

12573. They do not act in concert, so far as you know?—As far as I know, it is the opposite.

12574. They are competing with each other?—Yes.

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12575. Altogether they influence the export of tin from the Straits?—Very largely, that is so.

12576. So that it should come here on its way to the United States or on its way to the Continent?—Yes.

12577. But there is no compact or joint action among them to do that, you think?—There is absolutely none, so far as I know.

12578. Have you any theory as to why the tin which comes here should not go straight to the United States, where it is wanted?—I suppose that must be because the metal brokers in London form abler and cleverer forecasts of the future of the metal than do the American brokers or consumers.

12579. They are cleverer than the Americans?—That is what it amounts to, I suppose, in regard to that particular article.

12580. I understand that you limit your answer to that. I think you spoke of a large increase in the tonnage of foreign shipping in the Straits Settlements, did you not?—I did, in reply to a question that was asked.

12581. Did I understand you to say that you did not know that of yourself?—Yes. These are rather questions that I prefer not to deal with, because I have not posted myself in them, and I should prefer not to make statements on matters that I do not know.

TWENTY-FIRST DAY.

Tuesday, November 26th, 1907.

PRESENT :

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

The Hon C. N. LAWRENCE.
Sir HUGH BELL, Bart.
Sir W. T. LEWIS, Bart., K.C.V.O.
Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
Mr. H. BIRCHENOUGH, C.M.G.
The Hon. W. PEMBER REEVES.
Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. OWEN PHILIPPS, M.P.
Mr. AUSTIN TAYLOR, M.P.
Mr. I. H. MATHERS.

Mr. J. A. WEBSTER, *Secretary.*

Mr. WILLIAM H. SHELFORD, called and examined.

Mr. W. H. Shelford.

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12582. (*Chairman.*) You are Managing Director of Messrs. Paterson, Simons & Co., Ltd., of London, Singapore, and Penang?—I am.

12583. You have been 17 years in Singapore in business?—I have.

12584. For the last two years, you were Chairman of the Chamber of Commerce there, and previous to that, you had been Deputy-Chairman for two years?—Yes.

12585. You also represented the Chamber of Commerce in the Legislative Council during 1906, which was your last year in Singapore?—Yes.

12586. So you have had great experience in Singapore in connection with the shipping business?—I have had some experience.

12587. I think you have prepared a statement for our use?—Yes.

(*The witness handed in the following statement.*)

1. I am a Managing Director of Messrs. Paterson, Simons & Co., Ltd., of London, Singapore, and Penang. From 1901 until the end of last year I have been in charge of their business in the East. I have been 17 years in Singapore.

For the last two years I was Chairman of the Chamber of Commerce there, and previous to that I was Deputy-Chairman for two years. I also represented the Chamber of Commerce in the Legislative Council during my last year.

2. Questions in connection with the Straits Homeward Shipping Conference have been, from time to time, brought to my notice, and, latterly, I have devoted some attention to the alleged ill-effects upon the trade of the port.

3. The Straits Homeward Conference to Europe was established in 1897. Previous to that time there was an unrestricted competition in freights.

4. A larger quantity of tonnage goes out East than is required for the homeward trade Merchants in Singapore were accordingly able at times to beat down homeward freights. They were further able to prevent any combination amongst shipowners to raise freights by chartering steamers on their own account, and this was constantly done by certain houses—of which my firm was one.

5. The arrangement come to in 1897 provided for a payment of 5 per cent. commission to these houses on all cargo shipped from the Straits, for division amongst themselves, in return for which they agreed to forego their chartering business, and to give up shipping by sailing vessels, with the attendant profits. This is sometimes denounced as a secret rebate by those who do not share in it. It is, however, well known, and is the outcome of a bargain. It is shared amongst firms representing 60 per cent of the trade, who have always been able to secure better freights than the smaller shippers.

6. There is, further, a 10 per cent. rebate allowed to all shippers so long as they support the Conference, payment of which is deferred—5 per cent. at the end of six months, and 5 per cent. at the end of 12 months, provided shipments have been confined to Conference steamers during these periods.

7. It is alleged that an open freight market in Singapore always meant cheap freights, not exceeding 25*s.* per scale ton of 50 cubic feet, and, therefore, attracted to Singapore the produce of the Dutch East Indies, and, further, it is alleged that the effect of the Conference is to prevent produce from coming to Singapore.

8. A Conference to Europe exists from Java and the Dutch East Indies. I believe the rates of freights of the two Conferences (Dutch and Straits) are almost identical. I append a statement comparing the rates of freight at the end of 1906 from the Straits and the Dutch Indies, upon the principal articles of produce shipped from the Straits. A few alterations have been made since, but they are not important.

9. A system has been in vogue in the Java Conference of shipping produce home on through bills of lading, at the same rates of freight as from Batavia and Macassar—transhipment being made at one of these ports. A coasting steamer will pick up parcels at 12 small outports on these conditions—the transhipment charges and coasting freight being borne by the home-going steamer. This is, however, chiefly, if

not entirely, done by the Dutch Lines, and as the Dutch are anxious to foster their own shipping, it is possible that this arrangement would have been brought about in any case. It is, however, contended it would not have been possible if cheap freights in Singapore had been secured by the continuance of free competition. On the other hand, increase of tonnage and freer banking facilities were undoubtedly opening the way for direct shipment to Europe from the Dutch Indies, prior to the establishment of the Straits Conference.

10. Any comparison between freights from the Straits, prior to the establishment of the Conference, with those now in force must take into account the options that are now obtained, as also the rebate allowed.

11. Prior to the Conference, steamers loaded for certain ports only; now Conference steamers take cargo for shipment to almost any Continental port—such as Barcelona, Valencia, Passages, St. Nazaire, Bilbao, transhipment taking place at Marseilles or Antwerp, sometimes free of charge, but rarely over 2*s.* 6*d.* or 5*s.* per ton extra. Cargo is also now taken with optional discharge at Marseilles, Antwerp, Hamburg, Genoa, and London. The rates charged in the Straits are consequently considerably reduced by the deductions made for forwarding and transhipping.

12. Direct shipment to these various ports has been freely availed of. It is impossible, and appears to me inadvisable, to check this tendency to direct communication.

13. A similar movement is now taking place in the outward Conference in the trade with Bangkok, which has drawn most of its supplies hitherto from Singapore. Larger quantities of goods are yearly being shipped to Bangkok on through bills of lading, at freights only slightly over freights to Singapore, transhipment taking place at Singapore.

14. Prior to the Conference, merchants had frequently to accumulate their shipments for certain ports and speculate in freights, and the market was alternately subject to glut and scarcity.

15. Merchants are now able to rely with almost absolute certainty upon getting their produce away as soon as it is ready, at a fixed rate of freight. That full advantage of this has been taken is obvious from the fact that, whereas the produce business in 1896 was carried on by 20 firms, to-day it is carried on by over 60 firms. The number of small shippers has greatly increased since the Conference came into force.

16. Forward contracts are also freely made, which were not possible 10 or 11 years ago, when tonnage and freights were irregular.

17. Immediately prior to the Conference, freights were subject to a "cut-throat" competition, which could not have lasted, and any comparison should go back to an earlier period. Thus, in 1892 rates opened at 32*s.* 6*d.* for London, 35*s.* to Liverpool, and 37*s.* 6*d.* for the Continent, but closed 10*s.* lower all round.

In 1893, the highest 30*s.* and the lowest 17*s.* 6*d.* for London.

In 1893, the highest 37*s.* 6*d.* and the lowest 25*s.* for Liverpool.

In 1893, the highest 30*s.* and the lowest 20*s.* for Continent.

In 1894, the highest 27*s.* 6*d.* and the lowest 17*s.* 6*d.* for London.

In 1894, the highest 32*s.* 6*d.* and the lowest 25*s.* for Liverpool.

In 1894, the highest 27*s.* 6*d.* and the lowest 20*s.* for Continent.

In 1895, the highest 27*s.* 6*d.* and the lowest 10*s.* for London.

In 1895, the highest 27*s.* 6*d.* and the lowest 17*s.* 6*d.* for Liverpool.

In 1895, the highest 30*s.* and the lowest 12*s.* 6*d.* for Continent.

In 1896 they opened at 20*s.*, and fell to 10*s.*, and even to 6*s.* 3*d.* for some time, recovering upon the combined action amongst owners towards the close of the year to 17*s.* 6*d.* and 20*s.*, and during 1897 they were advanced by degrees to 27*s.* 6*d.* and 30*s.* They now average 34*s* 6*d.*, less 10 per cent.

18. It should be noted that during the Boer war, when the freight market advanced considerably all over the world, no change took place, either in rates of freight from the Straits or in the supply of tonnage.

19. It is often stated that the operation of the Conference tends to cripple the trade of the Colony, more especially in produce from the Dutch Indies. From figures compiled from the official returns of imports and exports, I find that the average of the five years 1891-5 compare thus with the average of 1901-5:—

The imports into the Colony have increased from an average of $157,325,000 to $326,803,000.

The exports from the Colony have increased from an average of $138,284,000 to $273,817,000.

Of this increase of imports, I find the chief to have been:—

	$
United Kingdom, Canada, Malta, Gibraltar	14,301,000
European and Asiatic foreign countries	10,975,000
Netherlands Indies	25,740,000
India, Burmah, Ceylon	22,317,000
Malay Peninsula	55,620,000
China	13,707,000
Japan	5,347,000
Siam	14,625,000
	$162,632,000

and of the increase of exports, I find the chief to have been:—

	$
United Kingdom, Canada, Malta, Gibraltar	28,373,000
America	26,960,000
European and Asiatic foreign countries	15,999,000
Netherland Indies	15,938,000
India, Burmah, Ceylon	5,048,000
Japan	2,780,000
Malay Peninsula	17,258,000
China	7,113,000
Siam	7,718,000
	$127,187,000

20. Analysing the Dutch imports, I find the principal increases to have been in:—

	$
Copra	3,044,000
Gum Copal	928,000
Gutta	3,179,000
Peppers	607,000
Rubber	1,019,000
Rattans	1,369,000
Tin	1,992,000
Raw Cotton	704,000
Cloth	337,000
Cocoanut Oil	345,000
Ground Nuts	613,000
Fish	525,000
Sugar	2,981,000
Tobacco	410,000
Gambier	546,000
Petroleum	2,391,000
	$20,990,000

21. I am aware that values are not so satisfactory as quantities, but I have had to take the figures obtainable, and I only quote them as tending to show that the trade of the Colony has increased, rather than decreased, since the establishment of the Conference.

22. Whilst it is not apparent that trade is leaving the port, there is no doubt that alarm is felt at the increasing tendency for direct communication, which shipping organisation must assist.

23. Where these organisations press too hardly upon merchants, the true remedy would appear to lie with the merchants themselves in bringing combined pressure to bear upon shipowners in order to modify the incidence of rates. Combination amongst merchants in the Straits is, however, seldom possible, owing largely to mutual jealousy, and it seems a fair inference that they have not yet felt the burden great enough to sink their jealousy in favour of combined action, and to risk the loss of their rebates.

Mr. W. H. Shelford.

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FREIGHT ON EXPORTS TO DIRECT PORTS.

—	From Singapore.	From Java.
	s. d.	*s. d.*
Black Pepper ...	40 0 per 12 cwt.	37 6 per 12 cwt.
White Pepper ...	47 6 per 14 cwt.	44 0 per 14 cwt.
Copra	27 6 per 12 cwt.	28 6 per 12 cwt.
Jelotong	50 0 per 50 c. ft.	47 6 per 50 c. ft.
Tapiocas	42 6 per 18 cwt.	36 9 per 18 cwt.
Rattans	75 0 per 20 cwt.	75 0 per 20 cwt.
Gum in cases ...	50 0 per 50 c. ft.	39 0 per 50 c. ft.
Tapioca Flour ...	30 0 per 20 cwt.	25 0 per 20 cwt.

12588. (*Chairman.*) We know from a report on Eastern shipping something about the Straits Homeward Conference; was that established in 1897?—It was.

12589. Before that Conference was established, there was unrestricted competition in freights, was there not?—There was.

12590. Was the arrangement which was come to in 1897 embodied in any document?—Yes, certainly.

12591. Do you know whether the document is set out in the report which was made on the Straits Settlement in 1902?—I do not think so. I think it was brought out in evidence, but I do not think the document itself was quoted.

12592. Where is that document to be found?—I imagine that any member of the Homeward Conference can produce it.

12593. It provided for what is called a secret bonus to be given to some of the principal commercial houses of Singapore, did it not?—That is so.

12594. Why is it called a secret bonus?—It is not recognised as secret by those who came to the arrangement.

12595. I suppose not?—I do not know why it is called secret, and I am afraid I cannot explain that.

12596. Is it generally known?—Yes.

12597. (*Sir David Barbour.*) Was it published at the time it was made, or did it become known afterwards by degrees?—I am afraid I do not know. I think it was generally recognised at the time, but I cannot tax my memory to that extent, and I would not like to say that definitely.

12598. (*Chairman.*) Do you think it was called a secret bonus, because it was kept secret for a considerable time?—No. I do not think there is any great secrecy about it.

12599. Then you cannot account for the fact that it was called a secret bonus?—I cannot account for the fact why people should have called it a secret bonus.

12600. All the merchants in Singapore are not placed on the same footing now, are they?—No.

12601. The larger merchants, who are parties to that agreement have an advantage over the smaller merchants, have they not?—That is so.

12602. You say in your statement that what has been called a secret bonus is shared amongst firms representing 60 per cent. of the trade; is that so?—Yes.

12603. So that that proportion of the trade has an advantage over the remaining 40 per cent.?—That is so.

12604. In your 6th paragraph, you say, "There is, "further, a 10 per cent. rebate allowed to all ship- "pers so long as they support the Conference, payment "of which is deferred—5 per cent. at the end of six "months, and 5 per cent. at the end of 12 months— "provided shipments have been confined to Conference "steamers during these periods." Is there any agreement between the shipowners and the merchants imposing any obligations on the shipowners to supply tonnage?—I do not think so.

12605. Or to provide regular sailings?—I do not think there is anything in writing. They do it, and they have done it all along. There has never been any difficulty in that respect.

12606. Is there any agreement that they shall not raise the rates of freight without due notice?—I do not know of any, unless it is in that document.

12607. You do not know of any, personally?—Unless it is in the agreement you referred to just now, and which I refer to in my 5th paragraph.

12608. I think you may take it there is no such stipulation in that agreement. So the Conference can, without any notice, raise the freights?—Yes.

12609. Some persons at Singapore are in favour of the rebate system, and others are opposed to it; so there is a division of opinion there?—I believe so.

12610. Some allege that if there were no such system, freights would be considerably lower than they are now?—They say so.

12611. What is your opinion?—I think that if we had no fixed system of this sort, we should be subject to the same fluctuations that we had before. The rates would sometimes be forced up to a high level, and sometimes they would be down to a very low level; but I doubt very much if the average would vary greatly from the average that we are now paying.

12612. So you think there is one advantage in the system, namely, that it ensures stability of freights?—I do.

12613. On the whole, the freights are not, in your opinion, higher than they would be if there were competition?—Taking the average of the freights spread over a certain period, I do not think they are.

12614. If there were a free market, there would be greater fluctuation?—Yes.

12615. But the freights, on the average, would not be lower than they are at present?—I think not.

12616. At any rate, that is your view?—Yes, that is my view.

12617. I will leave the other members of the Commission to examine you about paragraph 9. You say in paragraph 10, "Any comparison between freights "from the Straits, prior to the establishment of the "Conference, with those now in force must take into "account the options that are now obtained, as also "the rebate allowed." Will you kindly explain to me what you mean by that?—I think it is brought out in paragraph 11.

12618. In paragraph 11 you say, "Prior to the Con- "ference, steamers loaded for certain ports only"?—They might load for one or two ports only or, possibly, three.

12619. From Europe?—From the Straits. I am here referring to the Homeward Conference.

12620. What would these ports be, generally; you say, "certain ports," will you name them?—Antwerp, Marseilles, Genoa, London, and Hamburg.

12621. "Now," you say, "Conference steamers take "cargo for shipment to almost any Continental port"?—That is so. Before the Conference was established, steamers would be chartered to take cargo, say, from Singapore and Penang to, perhaps, Marseilles, Antwerp, and London, and if people wanted to ship to other ports, they would either have to wait for another steamer or else they would have to make arrangements to forward it from the terminal port. Now you can go to any of these steamer agents, and book your cargo to be taken on a bill of lading, which is what they call an optional bill of lading, which enables you to discharge your cargo at any port, Marseilles, Antwerp, Hamburg, Genoa, and London, and, further, on paying half-a-crown or 5*s.*, and, sometimes, by not paying anything extra, you can also get them to take your cargo to Barcelona, Valencia, Passages, St. Nazaire, and Bilbao, the transhipment and forwarding charges being paid by the ocean steamer.

12622. That, of course, is a considerable advantage?—It is a great advantage.

12623. Do you think that advantage could not be obtained except by means of the rebate system which is in force on these lines?—It was not obtained before. I would not like to say it could not be obtained in the future, but I should think it is very doubtful—at any rate, at these rates.

12624. I should like you to explain that a little more fully. Why do you say you think it would not be obtained without this rebate system?—At these rates, I say. I think they would be bound to charge higher rates if it were not for the agreement. The competition amongst the Conference owners has been such

that they have given these advantages to the merchants since the establishment of the Conference. I believe that it amounts to such a large deduction from the homeward freight that is paid, that there is a good deal of dissatisfaction, and from time to time efforts have been made to raise the rates for these options. Many of the steamers which used to load homewards from the Straits prior to the Conference, have now rather dropped out of the trade, and are taking rice, and so forth, from Saigon, Bangkok, and Rangoon, and are only taking a portion of their cargo from the Straits, probably to the rice ports, Antwerp or Marseilles or London, and are avoiding the options as far as possible; so that it is the liners who have really given these options, but as to whether they would continue to do so but for this system, I would not like to express an opinion.

12625. Your opinion is, that these important advantages would not be obtained but for those liners which have a virtual monopoly of the trade; that is your view of it, I suppose?—Yes; they have come as a result of this system.

12626. Several witnesses of considerable authority and experience have expressed the opinion that the trade from Singapore has been very seriously injured by reason of this monopoly which is given to the liners; are you of that opinion?—No, I am not.

12627. I daresay you have read the evidence that has been given here?—I have read some of it.

12628. Do you think that the position of Singapore, with reference to the neighbouring ports has been injured, in the manner which has been described by some of the witnesses who have come before us?—There must be a tendency in these times for more direct communication, and I have no doubt, in fact, I am certain, that in many instances we have had markets closed to us on which we formerly relied. But that has not been more marked during the last few years than it was before. I think if we were to go back to the 70's, we would find the same process going on all along the line.

12629. I suppose you would say it is a natural consequence which ought not, therefore, to be checked by legislation?—Yes.

12630. Then, you express your opinion as to the advantage which arises from the stability of freights; we have heard enough about that point, and I think we appreciate it completely. You do not think the freights would be as stable as they are now but for this system?—No, I am quite certain of it.

12631. In paragraph 17, you give some illustrations. You say, "Immediately prior to the Conference, "freights were subject to a cut-throat competition, "which could not have lasted, and any comparison should go back to an earlier period." You mean, I suppose, that it would be improper and unwise to compare the present state of things with what was an exceptional state of things?—Yes, that is so.

12632. You go on, "In 1892 rates opened at 32*s.* 6*d.* "for London, 35*s.* to Liverpool, and 37*s.* 6*d.* for the "Continent, but closed 10*s.* lower all round." Then you give us the rates in 1893, in 1894, and in 1895, the figures showing how great was the variation?—That is so.

12633. The variation is what you wish to indicate by those figures, is it?—Yes.

12634. You go on, "In 1896 they opened at 20*s.* "and fell to 10*s.*, and even to 6*s.* 3*d.* for some time. . . "they now average 34*s.* 6*d.*, less 10 per cent."—and less an additional 5 per cent. to the favoured merchants, I think?—That is so. Of course, the favoured merchants, as you have just termed us, always got something like half-a-crown off the current rate of freight before the Conference.

12635. (*Mr. Lawrence.*) That is the 60 per cent. that you speak of?—Yes.

12636. (*Chairman.*) Before the rebate system was established?—Certainly.

12637. That was because they shipped larger quantities, I suppose?—Because they shipped larger quantities, and also because they themselves chartered steamers and they did not charge themselves the same as they charged the others, unless they were obliged, but if there was any profit in the transaction they got the whole of it. As a rule, it was understood that they charged themselves something like a half-a-crown a ton less than they charged other people.

12638. In paragraph 19 you refer to the general trade of the Colony, and you direct attention to the figures which are to be found in the official returns of imports and exports. According to the figures which you give, there has been an increase in the import trade?—Yes, and also in the export trade.

12639. It is always important to consider what might be the causes of the increase. Are you confident that there would not have been a great increase if there had been competition in freights?—I would not like to say that.

12640. I thought not. You only put forward these figures in order to prove that the present system has not had the effect of completely crippling the trade?—Certainly.

12641. That is your object?—Yes. I think the figures show a very large increase. That increase has been taking place in the trade of the Colony, it must be remembered, for some time past. I think if we were to go back still further and see the figures for every ten or fifteen years, we should find the figures to be such that the values doubled regularly. That process does not seem to have been stopped in any way by the establishment of the Conference. That is what I seek to show. I quite recognise that the figures I give are dollar figures, subject to all sorts of influences in the matter of prices, of rates of exchange, and so forth.

12642. I think you have made your meaning quite clear on that. I will now read paragraphs 22 and 23:—"Whilst it is not apparent that trade is leaving the "port, there is no doubt that alarm is felt at the "increasing tendency for direct communication, which "the shipping organisation must assist. Where these "organisations press too hardly upon the merchants, "the true remedy would appear to lie with the mer-"chants themselves in bringing combined pressure to "bear upon shipowners in order to modify the inci-"dence of rates. Combination amongst merchants in "the Straits is, however, seldom possible, owing "largely to mutual jealousy, and it seems a fair in-"ference that they have not yet felt the burden great "enough to sink their jealousy in favour of combined "action, and to risk the loss of their rebates." I suppose the large merchants would lose 15 per cent., would they not?—Yes.

12643. Would that be a very considerable sum?—It would vary according to the amount of business which the merchants did. You want an indication, I take it. Speaking of my own firm, if I may, as those are the figures I know; I suppose on the Straits Homeward Conference to Europe from Singapore and Penang the amount we might expect to lose would be, roughly speaking, for the 15 per cent., say, £8,000. There are other firms, no doubt, which are larger and which would lose more, and there are still others which would lose less. I give that as an indication, but it is a rough figure. With regard to the 5 per cent. under this agreement to which you have already referred, it would not be possible for us to leave the Conference without giving six months' notice; that is to say, we should have to give six months' notice on, I think it is, June 30th or December 31st, and it would not be until six months after that that we should be entitled to leave.

12644. Where do you find that?—In the agreement you asked me about in the beginning of my examination.

12645. Is that one of the terms of the agreement?—Yes.

12646. (*Mr. Lawrence.*) It would have to be given at certain times in the year, I think you said?—Yes. The six months would date, I think it is, from July 1st or from January 1st.

12647. So that if you gave notice on August 1st, that would terminate, not on February 1st, but in the following July?—The notice would not come into operation until January 1st, and it would be a six months' notice after that.

12648. Therefore it might be an 11 months' notice?—It might be.

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12649. (*Chairman.*) Of course, you are not referring just now to the rebate circular, but you are referring to this special agreement?—Yes.

12650. (*Mr. Lawrence.*) In answer to the Chairman did I rightly understand you to say that the merchants were not precluded by this agreement from themselves chartering?—No; they are.

12651. I thought I understood you to say that they might charter vessels themselves?—Not now; but previous to the agreement they did.

12652. Then they are bound now under the agreement only to ship by the Conference vessels?—Yes; we gave up all chartering, and also the sailing vessel business, which was a very large one at one time.

12653. (*Sir Alfred Bateman.*) You say in paragraph 8, "I believe the rates of the two Conferences (Dutch "and Straits) are almost identical"; and you append a statement comparing the rates of freight at the end of 1906. Turning to that statement, is it not the case that the figures from Java are less in almost every instance? Take, for instance, black pepper; that is 37*s.* 6*d.* from Java as compared with 40*s.* from Singapore?—There is a difference of half-a-crown there.

12654. Then the next item, white pepper, is 44*s.* from Java as compared with 47*s.* 6*d.* from Singapore?—Yes, that is so.

12655. Copra is the third instance, and that, indeed, is the other way, there being a difference of 1*s.* in favour of Singapore; but then there is a very striking instance of gum in cases, which is 39*s.* from Java and as much as 50*s.* from Singapore?—That is so.

12656. Then you have tapioca flour, which is 25*s.* from Java and 30*s.* from Singapore?—I believe the tapiocas have since been reduced.

12657. Do you still hold by your statement that the rates are almost identical?—In the case of black pepper a difference of 2*s.* 6*d.* or even of 3*s.* 6*d.* cannot be a very great one, considering the value of the article.

12658. But take gum in cases?—I cannot hold to it on that of course.

12659. Or tapioca flour?—Tapioca, I believe, has been reduced by 5*s.*; I think it is on a level now.

12660. You say since you prepared this statement there have been alterations?—Yes, there have been.

12661. So it is not a very useful guide for us anyhow?—I suppose not. Those are the rates that were current at the end of 1906; those rates were put before the Conference by the merchants representing the 60 per cent., and as a result of our representations reductions were made certainly in tapioca, I believe to the amount of 5*s.*, but I would not like to be absolutely certain. I cannot explain the figure for gum in cases; I do not think that has been altered.

12662. According to your figures, the direct export from Java to Europe was favoured by freight rates as compared with the rates from Singapore?—Yes.

12663. In paragraph 13 you say, "A similar move-"ment is now taking place in the Outward Conference "in the trade with Singapore"; is the rebate system in force in the Outward Conference as well as in the Homeward Conference?—Yes.

12664. The 10 per cent. rebate?—Yes.

12665. With the 5 per cent. secret rebate?—No, that is not in force.

12666. Only the 10 per cent.?—Only the 10 per cent.

12667. In paragraph 15 you say, "The number of "small shippers has greatly increased since the Con-"ference came into force"?—That is so.

12668. That is, I suppose, in spite of their not getting this 5 per cent. commission which is paid to the larger houses?—Yes. I think very likely they have increased as the result of this Conference. The fact that we have had steady rates of freight has enabled them to speculate in produce in a way they could not speculate before. They are able now to speculate with an absolute certainty of getting their tonnage at a fixed rate of freight and in a certain month. If they chose to sell tapioca for delivery in February, they can count on it; but formerly, unless they chartered themselves, they were not able to do that.

12669. (*Mr. Lawrence.*) It assists them in making forward contracts, then?—Yes.

12670. (*Sir Alfred Bateman.*) And this 5 per cent. does not cripple them as compared with the larger firms?—No, I do not think it does.

12671. Turning now to the figures of the trade, I cannot quite follow you. You say that the trade has nearly doubled comparing the years 1891-5 with 1901-5. You quote the exports as increasing from 138 million dollars to 273 million dollars. The Government statement issued by the Board of Trade converts those dollars into pounds sterling at the rate of the year, and the increases thus are not nearly so much; it is from an average of 18 million pounds sterling or 19 million pounds to an average of something like 27 million pounds—only about half as much again?—Of course, the rate of exchange has fallen very considerably; that, I imagine, largely accounts for it.

12672. The figure in 1891 was 20 million pounds?—The rate of exchange in 1891 began at 3*s.* 6*d.* and fell to 3*s.*

12673. Are your figures taken from the accounts in the Government Blue Book?—Yes; the imports and exports are official figures.

12674. Of course, it is a matter of controversy whether you should take the silver prices or converted gold prices?—That is true. At the same time it is very difficult to say that the gold is a reliable standard, values having altered so. Values, as the result of a varying exchange, have either gone up or down, as the case may be.

12675. I notice that you do not take the quantities?—No, I do not. I could not get the quantities, as they are not published in the Blue Books.

12676. The quantities would have been more satisfactory, would they not?—They would have been far more satisfactory.

12677. (*Chairman.*) You state that in paragraph 21, I think?—Yes, I do state that.

12678. (*Sir David Barbour.*) Can you explain exactly what the merchants who get the 5 per cent. commission give in exchange for that commission? I understand that one condition is, that they are not to leave the Conference without notice, and another is, that they are not to charter ships themselves?—Yes.

12679. Is there anything else?—Of course, they must load with the Conference Lines.

12680. Any other conditions?—I do not think so.

12681. Do you know how the merchants representing the 60 per cent. were elected, and how the others were excluded?—The 60 per cent. is not constant. Since this agreement was come to the other firms have been included.

12682. Have any gone out?—No, I think not.

12683. Can anybody who likes come into that agreement?—They have got to fight their way in.

12684. How do they fight their way in?—By making representations to the shipowners. One firm broke away from the Conference and proceeded to charter on their own account, and to pacify them, or to prevent the competition going any further, they were included in this arrangement.

12685. I suppose a very small man could not do that?—This was not a very large firm at that time.

12686. At any rate, the man would have to charter a vessel?—He would run a great risk. I do not know what is to prevent a combination of them from doing it.

12687. If a merchant, who gets that commission, is shipping, not on his own account but for somebody else, and has to account to that person, does he retain the 5 per cent. commission or account for it?—I would not like to say. All our business is done on our own account.

12688. So the question does not arise in your case?—No.

12689. (*Captain Collins.*) Do you know whether there is any difference between the rates to Continental ports, so as to make the freight in favour of Continental ports as against British ports?—I do not understand.

12690. Are the freights in favour of the Continental ports as against the British ports?—I think not.

12691. You are not aware that that is so?—No, I am not aware of it.

12692. (*Mr. Taylor.*) Is it your contention that the stable system of freights inaugurated by the Conference has really not done much to divert trade to direct channels?—I should not like to say; I do not think so.

12693. I rather gather from your statement that you think the diversion to direct channels would have come, Conference or no Conference?—Yes.

12694. And that the rates of freight having become stable—which generally means higher, I think—has not had any effect?—I do not think it has had a direct effect.

12695. Let me take you to your statement of the rates of freight. I see that in 1893 you give the highest rate as 30*s.* and the lowest as 17*s.* 6*d.*; assuming those were running in equal portions for the year, the average would be 23*s.* 9*d.*?—Yes.

12696. On the same calculation, in 1894 the average would be 22*s.* 6*d.*, and in 1895 it would be 18*s.* 9*d.*?—That would be so. I think I say in my statement that you must not take those years as a fair test, but that you must go to a still earlier period.

12697. Why did you not go back in your statement?—I went back as far as I could—to 1892.

12698. That is 15 years ago?—Yes—five years previous to the Conference.

12699. Then there was an open market?—Yes.

12700. Is that not a fair test? The test you want to bring, I presume, is a comparison of the state of things in an open freight market with the state of things after 10 years' experience of the Conference?—What I wanted to point out in regard to your question was, that immediately prior to the Conference there was so much competition going on amongst the shipowners that cut-throat rates were ruling, and that that state of things could not have lasted.

12701. It evidently did last for five years?—In 1892 the rates were higher than in 1895.

12702. But you do not give us 1892; you only say they opened at 32*s.* 6*d.* and closed at 10*s.* lower; how would that work out as an average?—32*s.* 6*d.* and 22*s.* 6*d.* would give you about 27*s.* 6*d.*

12703. Which would be 8*s.* or 9*s.*. below the rate of freight to-day?—The rate of freight to-day is 34*s.* 6*d.*, less the 10 per cent. I think I say in another paragraph that you have to make allowance for the options. I am told on reliable authority, and the figures were put before me, that these options amount to something like 15 per cent. off the rate of freight.

12704. What options?—I am referring to the cost of transhipment on these optional bills of lading.

12705. To the smaller ports?—Yes. If you strike off 25 per cent. from 34*s.* 6*d.* you get, roughly speaking, the rate of freight merchants are paying to-day.

12706. May I take it, that, as a result of the Conference, rates are higher?—I do not think they are much higher.

12707. You do not think the fixed rate to-day of 34*s.* 6*d.* is higher than the average of, say, 10 years preceding the Conference?—Not when you take into account what you are getting for your 34*s.* 6*d.* In the years preceding the Conference we did not get these options; we had to pay for them.

12708. I will speak about those options directly. Apart from those options, I suppose the rate to-day would be about 10 per cent. above the average of the rate before the Conference?—The nominal rate would be.

12709. That would be about 33 per cent. difference, would it?—No. It is 34*s.* 6*d.* less 10 per cent., that is 31*s.*; and I suppose, roughly speaking, before the Conference the rate was 25*s.*

12710. That would be a difference of 6*s.*, then?—That would be a difference of 6*s.* for which we get these options.

12711. But that is an increase of 25 per cent.?—Yes, on the nominal rates.

12712. Were the rates of freight before the Conference based upon chartered steamers?—I do not know how the rates were arrived at.

12713. If a firm, or a combination of firms, chartered an outside steamer before the Conference, do you not know what rates of freight were paid?—As I said, about 25*s.* was the ruling rate.

12714. They would get steamers for much less than that to-day, would they not?—I daresay.

12715. I do not know; I only suggest to you that, possibly, they would?—I daresay.

12716. I suppose no outside steamers have been chartered from Singapore for 10 or 15 years?—Not on this trade.

12717. You cannot give me any idea at what rate they could be chartered then?—No.

12718. Certainly, not more than 25*s.*, would you say?—I should think not; I should think it would probably be less.

12719. You say, that firms representing 60 per cent. of the trade receive this 5 per cent.; how many firms do represent that 60 per cent. of the trade—how many hands is it in, in other words?—Six or seven.

12720. How many firms represent 40 per cent. that do not get the 5 per cent.?—I say in my statement there are about 60 firms in the trade.

12721. So six or seven firms get the 5 per cent. additional bonus which is not shared by the 50 odd firms who do not get it?—That is so.

12722. That naturally, human nature being what it is, gives rise to a great deal of unreasonable jealousy amongst the larger number who do not share the plunder?—That is so.

12723. May I ask whether that jealousy is in any way accentuated by the fact that out of these six or seven favoured firms some of them are not English but are foreign?—Some of them are foreign.

12724. How many are foreign?—Two.

12725. And the remainder?—They are English.

12726. Is this 5 per cent. extra bonus deferred?—Yes, certainly.

12727. It is deferred in the same way that the 10 per cent. is deferred?—We get it at the end of the year, I think it is.

12728. Conditional on good behaviour?—So long as we comply with the terms of the agreement.

12729. Which is practically the same as the 10 per cent. agreement?—Yes, I suppose so.

12730. You say in paragraph 22, "Whilst it is not "apparent that trade is leaving the port, there is no "doubt that alarm is felt at the increasing tendency "for direct communication, which shipping organisa-"tion must assist." The more shipowners combine in a Conference to achieve stable and higher rates of freight, the greater the tendency to shed off the trade through Singapore which has hitherto existed there; is that what you mean?—Yes.

12731. That is inevitable, is it not?—That is inevitable. You see there is a Conference also from Java.

12732. Has that only come into existence since the Singapore Conference?—It came into existence, I believe, at the same time.

12733. Would it surprise you to hear that the exports in bulk as against the exports in value have not by any means shown the increase you suggest?—No.

12734. Would it surprise you if you were told that, taking a dozen of the principal articles of export in bulk, the tons in 1886 were 114,917, that in 1896 they went up to 201,956, and that in 1904 they had shrunk to 166,365, 1896, the year of the highest export, being the year the Conference was formed? Would it surprise you to hear that the shipments had fallen off in bulk?—It would. I should like to examine those figures more closely, I think.

12735. Taking a dozen of the principal articles, you would not be surprised to learn that there has been a shrinkage in bulk, would you?—It depends a great deal what the articles are, of course. I think as a whole the shipments from Singapore have not fallen off.

12736. But you are not prepared to challenge that, as you have really no information on the point?—I have no information to put definitely before you here. I have gone into the figures of the export trade in certain articles of produce, in which certainly there is no great increase, but at the same time there is no falling off.

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12737. To use an expression which we have been rather familiar with in England, is the trade in Singapore in what you may call a stationary condition?—I should not think so.

12738. But you cannot, as regards the volume of articles, tell us what the position is?—I think the volume of what we call produce articles has not fallen off; if it has not actually increased, it certainly has not fallen off.

12739. You do not go beyond that?—No, I will not go beyond that.

12740. You say in paragraph 23, "Where these or-"ganisations"—that is, shipping organisations—"press "too hardly upon merchants, the true remedy "would appear to lie with the merchants them-"selves in bringing combined pressure to bear "upon shipowners in order to modify the incidence of "rates. Combination amongst merchants in the Straits "is, however, seldom possible." But you have already informed us that there is a combination to receive 5 per cent. from the shipowners?—Yes.

12741. Do I understand, therefore, that merchants, while not prepared to combine against the shipowner, are prepared to combine to receive 5 per cent. from him when it suits their purpose?—The five principal merchants combined in this instance, but they gave up, you must remember, their shipping connections.

12742. They combined?—Yes, they combined in this instance.

12743. That proves the possibility of combination in Singapore?—Certainly.

12744. At any rate, when it is a question of getting 5 per cent. over their competitors?—They always got it before.

12745. From whom?—When they were chartering themselves, when they were booking freight themselves. It is surely natural that if a man goes to a shipowner and says, "I will ship so much by your vessel," he would get a cheaper freight than a man who brought him, say, a quarter of that.

12746. Let us look at that position as it affects the trade of Singapore. Here we have five or six of the principal firms handling 60 per cent. of the trade, who, on account of the volume of their transactions, were able to charter outside boats; they put them on the berth, I presume?—Yes.

12747. They probably could not fill them themselves, and they naturally put any vacant room at the disposal of the rest of the trading community?—Yes.

12748. Did they always charge unequal rates, or was there one rate for those boats?—They nearly always charged themselves a lower rate than they did their competitors.

12749. But how much lower?—Half-a-crown a ton on a 25*s.* rate.

12750. While they did that, of course, those who were able to ship by these chartered boats got the benefit of a very much lower rate than would have been charged by the Conference?—Yes.

12751. Was that not a great advantage to the trading community, as a whole?—I do not know. Under this fixed rate, as I said just now, it is possible for a merchant nowadays to speculate in advance, and to make contracts forward in America, on the Continent of Europe, and so on. That seems to have led, certainly, to a greater division of the produce trade than existed before, and many contend that it has led to an extension of that trade.

12752. Was there any difficulty about getting steamers before this Conference was formed?—There was no difficulty about getting steamers, but there was a great difficulty about getting a stable rate. A man could not make a contract ahead, we will say, for tapioca, on a basis of freight, it may be, of 15*s.*, and count on that with absolute certainty.

12753. Would that not apply equally to the large firms?—Exactly; but, then, they were able to charter on their own account, of course.

12754. But until they chartered they did not know what freight they would have to pay?—No. The result, however, has been that they have been able to maintain a large portion of the produce trade in their own hands.

12755. They are still able to do that with the aid of the 5 per cent. extra bonus?—It is subject to far greater competition than it was. We have now 60 merchants instead of 20 in the trade.

12756. To go to the question of the transhipment to the smaller Continental ports; do you say that that was unknown before the Conference?—Yes.

12757. Did the Conference exist before the deferred rebate?—No.

12758. Were there regular liners calling at Singapore?—Yes.

12759. Were they not bound to call at Singapore?—Yes.

12760. The P. & O., I suppose, are in this Conference?—Yes.

12761. Were not the P. & O., from the Far East, bound to call at Singapore before the deferred rebate system?—Yes.

12762. Therefore, there were regular liners calling at Singapore always?—Yes.

12763. Why should not those liners have given through bills of lading? Are you sure they did not?—I am almost sure they did not. I never heard of it. It is a development under the Conference.

12764. Would not liners naturally give through bills of lading to prevent outside steamers being put on?—I do not know that they did so.

12765. Are you prepared to say they did not?—I do not think they did. I cannot tax my memory further than that. My belief is, that this has been an outcome of the Conference.

12766. Do you say there would have been no Conference without a deferred rebate?—I would not like to say that, either. I should say it would be very difficult to hold shippers together if you had not some hold on them.

12767. (*Sir David Barbour.*) With regard to the advantage in the case of transhipment, that, of course, only arises when the goods have to be transhipped, because if the goods are going direct to the terminal port there is no transhipment?—That is so.

12768. So that that advantage does not arise in such cases?—No, it does not.

12769. Do the bulk of the goods go to terminal ports, or do they have to be transhipped?—I would not like to say that the bulk of them would go to the terminal ports, but I should say a very large proportion of them would. It depends a great deal upon the various lines that take the cargo now. Some fight shy of this transhipment; Holts and the P. & O., which you instanced just now, both fight shy of it.

12770. At any rate the bulk of the goods are not transhipped?—I believe not.

12771. So that the advantage does not arise in their case?—No.

12772. (*Mr. Owen Philipps.*) With reference to Sir David Barbour's questions, is it not the case that it is to the advantage of the merchant to have the option of transhipping, even when the goods do go to a terminal port?—Yes, certainly.

12773. (*Professor Gonner.*) You express surprise, apparently, that there has not been a fuller combination among the merchants in the Straits Settlements—or regret, I do not know which it is. I suppose one obstacle to such combination is the difference in the view taken by the people who receive the 5 per cent. special rebate and the view taken by those who do not?—No doubt.

12774. Is it accentuated by the fact that some of the larger firms of merchants are agents for steamship companies?—Yes.

12775. Are some of those who receive the 5 per cent. also agents for steamship companies?—Yes.

12776. Most of them, would you say?—I should think nearly all.

12777. Nearly all those who receive the 5 per cent. you think are agents?—The majority are, certainly.

12778. You are, of course?—Certainly. I should say the majority are.

12779. Most of the big firms included in that 5 per cent. arrangement are at the same time agents for steamship companies?—Yes.

12780. So that it would be obviously inconvenient to them to combine with other people to bring pressure to bear upon the companies for which they are agents?—Yes. At the same time, at the end of 1906, if I may say so, those five or six firms did combine together to make representations with regard to these rates of freight which I have quoted at the end of my statement.

12781. Still their point of view is necessarily rather different from that of the outside firms?—Certainly.

12782. With regard to the question of quantities and values, you gave a table, and you were cross-examined in relation to it as to the possible increase of trade. Your figures were given, I suppose, to show that there has not been a decrease of trade?—Yes.

12783. But you feel that that might be invalidated by a table giving quantities?—Yes.

12784. Have you seen the return which was sent us by the Registrar of Shipping for Singapore, giving quantities?—No, I have not.

12785. We have a return from Singapore which does show that the trade has not tended to increase so far as bulk is concerned; that there was a considerable increase from about 1886 to 1902, and then that there has been a falling off from the period just before the Conference. Would you be surprised to hear that?—I do not think, myself, that there has been a falling off.

12786. There has been a falling off in the rate of increase?—I am not surprised to hear that.

12787. You think that that is so?—Yes.

12788. And that the trade, if you take the period immediately before the Conference, which you would describe, I think, as a normal period?—Yes.

12789. Has not increased much since then?—That is so.

12790. It was very big just before the Conference, you know?—I believe it was.

12791. But it has not increased since then, according to the Registrar-General of Shipping at Singapore, whose report I am quoting. You are not surprised at that, or are you?—I am surprised to hear that there is a falling off.

12792. He gives a long table of the chief articles, as he terms them, and I think, if you look through it, you will see that there has been what I should call a stationary condition (*handing return to witness*)?—Are these all the articles he has named?

12793. You will find another Statement, F., which has been also prepared by him. The figures are dealing with the rates of increase, you will see?—I see in the first statement he omits one important article, copra, which, in his evidence before the Tanjong Pagar Arbitration, he admitted had shown increases.

12794. He does, I know. I am merely giving you the figures as we have them, and you will see that generally there is a falling off?—In coffee, I know there is a considerable falling off. Tapiocas I do not think are affected by the Conference at all; I think there are other influences at work there. But I need not go through the articles.

12795. The Registrar-General's figures rather invalidate any inference, do they not, to be drawn from the figures you have given as to the values?—The inference I intended to draw from these figures was that there was no falling off, and I do not think that inference is invalidated.

12796. But it is certainly invalidated to the extent that there is no such increase as might be suggested by those figures of value?—If you take the figures of value alone, certainly not. I hope I have made myself clear there; I did not wish to mislead the Commission.

12797. I am sure of that. That might partly be accounted for, might it not, by the extraordinary increase in the price of tin?—Certainly.

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12798. Then let us take another point. With regard to the transhipment on options, we have had instances laid before us in which British ports were not given such favourable terms for transhipment as Continental ports; are you aware of such cases?—I believe Belfast, Dundee, and some other British ports are at a great disadvantage compared with Continental ports.

12799. And, I suppose, so far as tin is concerned, Swansea?—Yes, that is so.

12800. Can you account for that?—No, I cannot.

12801. That seems rather an unfortunate development of the Conference system, does it not?—Yes. As regards Belfast and Dundee, I imagine the trade is not important enough for them to make the same concession as to places like Bilbao and St. Nazaire.

12802. It must be very important for tin shipments to Swansea, must it not; or, at any rate, important, I will not say *very* important?—Tin is very expensive, and the rate of freight is such a small proportion of its value.

12803. Still, even if it is a small proportion, you do not want that proportion against you, do you?—Certainly not.

12804. So, if that is a natural development of the Conference system, you would consider that a disadvantage of the Conference system, would you not?—Yes, I would, certainly.

12805. Do you not think that the Conference system with the deferred rebate does put a good deal of power into the hands of the shipowners to dictate terms?—Certainly.

12806. Your only argument is, that they generally use that power wisely?—So far I do not think we have had any serious complaint. I do not mean to say that we are by any means contented and satisfied with all the Conference do; but on the whole we have not, so far, had any serious cause for complaint.

12807. But you do feel when you approach them that you have to approach them in rather the attitude of a suppliant?—Perhaps, so.

12808. You are not free agents?—No.

12809. So that to that extent you are dependent really upon the enlightened self-interest and the beneficence of the shipowner?—Yes.

12810. He may not always be adequately enlightened or beneficent?—Possibly not.

12811. So there are disadvantages, you feel, in the deferred rebate system?—Yes.

12812. Turning now to the question of the 5 per cent. about which I think you have been troubled a great deal, are the proportions in which it is shared known?—I do not know whether they are generally known, but I have no objection to state them?

12813. (*Chairman.*) I think you had better state them?—The 5 per cent. on the Straits Homeward Conference is shared *pro rata* according to the shipments of each of the members signing that agreement.*

12814. (*Professor Gonner.*) The shipments during what particular period?—During the 12 months or whatever is the period.

12815. But that was not apparently known very well at the time of the Commission in Singapore, was it?—I was not in Singapore at the time of the Commission, but I believe there was a feeling that enough information was not elicited about that rebate at that time.

12816. I merely mean this—there was some obscurity as to what it was, and, perhaps, that might account for the term "secret commission"?—Possibly.

12817. No one seemed to know very much about it according to the evidence?—That is so. I suppose

* The witness subsequently wrote to say that the amount is divided not pro rata, but according to arrangements made by negotiation between the parties interested.—J. A. W.

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the view they took was that it did not concern anybody except themselves, and, therefore, why should they publish it?

12818. I think that was it. If the trade increases it is all to the advantage of that particularly favoured circle, is it not?—Yes.

12819. And if, as you hope, the trade of Singapore goes on developing largely, then still greater is the advantage of the favoured few?—I suppose so, if they maintain their own share of the trade of the place. 60 per cent. is what they generally represent, but anyone who attains importance outside of that, generally gets included, as a matter of practice.

12820. As a matter of practice, you say; have you known of inclusions?—I have known certainly of two inclusions.

12821. Do you ship outwards?—Yes, certainly.

12822. Could you tell us anything with regard to the outward Conference?—In what way.

12823. How does it operate?—I think in a very similar way to the Homeward Conference, only there is no 5 per cent. special commission.

12824. Otherwise, you think there is very little difference between the Conferences?—Very little.

12825. Is the Outward Conference much complained of?—The complaints we have made at Singapore have been in connection with the Bangkok trade which I have mentioned in my statement. That we feel is hitting us hard, and we naturally rather object to it.

12826. There is a good deal more freight outwards than homewards, is there not?—Yes.

12827. Are there ever complaints that the shipowners give a preference to cargo for further ports than Singapore, and that the Singapore cargo is shut out?—I have not heard that complaint.

12828. And do you not think that it occurs?—That Singapore is shut out in preference, say, to China cargo?

12829. Yes?—It may be so at times; but then China and Japan come under the Conference, too; they are all included in the Conference.

12830. Still, there might be a preference?—There might be occasionally. It depends a great deal upon the position of the ship and the kind of cargo she wants to take.

12831. But it is left entirely in the discretion and power of the shipowner?—To a very large extent, yes.

12832. But there has not been the same feeling in Singapore with regard to the Outward Conference as there has been with regard to the Homeward Conference?—No; at any rate, I have not heard of it.

12833. When was the Outward Conference started, do you know?—Some time previous to the Homeward Conference.

12834. It was started previously, then?—Yes. It has been going on ever since I have been in Singapore.

12835. Was it started about 1885, do you think?—I would not like to name a date, but as long as I have been in Singapore it has been in operation.

12836. At any rate, it was some time before 1896 and 1897?—Yes.

12837. (*Mr. Owen Philipps.*) Sir Alfred Bateman asked you a question about the difference in the freight from Java and from Singapore on black pepper, which is 2*s.* 6*d.* per ton; what is the value of black pepper per ton, approximately?—It is about 4*d.* per lb.

12838. (*Mr. Taylor.*) That would be about £35 per ton?—Yes.

12839. (*Mr. Owen Philipps.*) So if there is a difference of 2*s.* 6*d.* per ton, it would not be a matter of any very great importance on an article or that value?—No, I think not.

12840. (*Sir Alfred Bateman.*) It is per 12 cwt., not per ton, I think according to your table?—Yes, that is so.

12841. (*Mr. Owen Philipps.*) Even at 12 cwt. it would not be material, would it?—No; and so far we have not heard any complaints with regard to black pepper.

12842. Am I correct in understanding from your evidence that your opinion is that the Shipping Conference, as worked with rebates, has had the effect at Singapore of vastly increasing the number of small shippers?—Certainly.

12843. And, therefore, it has been a distinct advantage to the small man over an open freight market?—Yes.

12844. (*Mr. Barry.*) I notice in your statement, paragraph 7, that previous to the establishment of the Conference in 1897, there was a combination among the shipowners?—That was the beginning of the Conference.

12845. There was a combination in 1896, when the rates of freight had fallen to an extremely low point?—At the end of 1896 there was an attempt to combine among the shipowners.

12846. And apparently they did succeed in raising the freights from an extremely low point to 17*s.* 6*d.* and 20*s.*?—Yes, I believe they did.

12847. When the shipowners combined to raise the rate from 6*s.* 3*d.*, which no doubt they correctly assumed was a losing figure?—Yes.

12848. They put it, I presume, on what they deemed to be a paying level?—They attempted to get it up by degrees; they did not succeed at first.

12849. But they did get it up to 17*s.* 6*d.* and 20*s.*?—Yes. I do not think they were satisfied with it, and they immediately put it up afterwards.

12850. The Conference was established in 1897?—In the beginning of 1897, I think.

12851. Then when the Conference was established, the rate was put up about 50 per cent.?—Yes. I cannot remember the stages, but before they got to their present level, they went on by several stages.

12852. It was during 1897, and before the end of 1897, that the rate was put up to 27*s.* 6*d.* and 30*s.*?—Yes.

12853. And since then it has gradually been advanced, until now it is 34*s.* 6*d.*, less 10 per cent.?—That is the average that it works out to.

12854. Was any notice given of any of the advances being made?—I believe so.

12855. Notice was given?—I think so.

12856. I understood you to say, in reply to a Commissioner, that some few years ago advances were made without notice being given?—The question, as I understood it, was, could advances be made without notice? There was nothing in the agreement requiring a notice, but at the same time I will not go to the length of saying that they have not given us notice. They have, I think, in almost every instance given us reasonable notice, and latterly they have voluntarily undertaken to carry at the old rate the cargoes that have already been booked—anything that we have sold under the old basis.

12857. Might I ask whether all the changes which have been made since the establishment of the Conference have been changes in an upward direction?—Yes, until the end of last year, when certain changes were made in the rates that I have quoted.

12858. In the case of tapioca, there was a reduction of 5*s.*, I think you have said?—I think there was on tapioca, and on some other article, possibly pepper, they reduced something. Up to the end of last year, all the changes had been in an upward direction, but at the end of last year there were some changes made in a downward direction, and this year, at the present moment, the freight on copra to Marseilles has been reduced to 20*s.*

12859. Until this year, no reductions were made, and the changes were in an upward direction?—Until the end of last year.

12860. Do you remember whether representations were made to the shipowners in reference to gum in cases?—I cannot remember.

12861. Freights now have reached the average of 34*s.* 6*d.*, and the advances until this last year have been always consistent and steady advances; if the advances were to continue on the consistent and steady lines on which they have taken place in the past, what remedy would the merchants have?—I would like to point out that if those advances take place in the markets of Java, and in Manilla, and in the Philippines, and in Ceylon, so that everybody shipping home these various articles of produce is on the same basis, no one is likely to have very much complaint to make; but if Singapore or Penang is advanced and the other places are not, representations, undoubtedly, would be made and, from time to time, have been made—for instance, with regard to copra.

12862. But, speaking broadly, the general average of freights has advanced, if my figures are correct, about 35 per cent. I think you said that the old free competitive freight was 25*s.* subject to a deduction of 2*s.* 6*d.* per ton?—Yes.

12863. That is 22*s.* 6*d.*, and as the net freight to-day is 31*s.* that makes a net increase of 35 per cent.?—Yes.

12864. If further increases take place, what remedy have the shippers?—They may either break away from the Conference or make representations to the shipowners.

12865. (*Chairman.*) What do you say?—If such advances were unreasonable, I expect they would begin by making representations. We cannot see our trade absolutely ruined—no one can submit to that. It would be a choice of evils, undoubtedly, and if the shipowners were unreasonable, I suppose we should have to take independent action.

12866. And forfeit the rebates?—Run the risk of forfeiting the rebates, certainly.

12867. (*Mr. Barry.*) I think you said, in reply to Professor Gonner, that all the large merchants are in receipt of the 5 per cent. extra commission?—Yes, these merchants that I have referred to.

12868. And that the large merchants are also, without exception, agents for the shipping lines?—I did not say without exception; I said the majority are agents for shipping lines.

12869. How many of them?—Four or five, I think, are representatives—three out of five, anyway.

12870. Did I understand you to say there were seven of these large firms altogether?—Yes.

12871. And three out of five of those——?—Three out of five are certainly agents for large lines of steamers, and one of the other two that we are considering are agents for one or two smaller lines.

12872. (*Mr. Taylor.*) Is there anybody outside this Ring of six or seven favoured firms who is agent for a steamship line, or does it just accidentally happen that all the agents are inside and none outside?—I would not like to answer that question straight away. I am not certain.

12873. (*Mr. Barry.*) So that those who are directly representing the shipping companies have a very tangible interest in maintaining the rebate system?—Yes, certainly.

12874. (*Sir John Macdonell.*) Do you know how many of the favoured shippers, who are in receipt of the 15 per cent., existed in 1897 when the rebate system was established?—They all existed.

12875. How many exporting houses were there in 1897 receiving the 15 per cent.?—Five, I think it is.

12876. How many are there to-day?—Seven or eight.

12877. The process of admission, as I understand it from you, is, that a large firm comes to the Conference and says, "If you do not grant us the 5 per "cent addition, we shall charter"; is that substantially what happens?—I did not grasp that.

12878. Would you explain to the Commission in what manner a shipper obtains admission into this favoured circle?—The first firm that obtained admission chartered on their own account two or three steamers, I think it was.

12879. And, in consequence of doing so, obtained admission?—Yes. The other firm, I believe, did not go as far as that, and was successful in getting something allowed him by making representations to the shipowners.

12880. To put it shortly, he threatened to charter, I suppose?—He may or may not; that I do not know.

12881. Then as regards the others?—Those are the only two that I know of practically.

12882. Shortly, may I take it that it comes to this—that any firm which actually charters, or which in the judgment of the Conference is likely to charter, obtains the additional 5 per cent.?—I would not go as far as that. If they were afraid of him, perhaps, it would be so.

12883. I take it then, that if the Conference is afraid of a particular shipper, that particular shipper gets the 5 per cent.?—Yes, if he is strong enough.

12884. Would you explain to the Commission why, if these favourable terms are granted to large shippers of whom the Conference is afraid, the rebate system favours, as you allege, the small shipper?—I only state that under the rebate system the small shipper has increased in numbers. The reason of that, I believe, to be that he gets a regular supply of tonnage at a fixed rate, on which he can calculate.

12885. Looking at the effects of the grant of the 5 per cent. addition, you would admit, would you not, that so far as they go, they favour the large shipper?—Yes, the 5 per cent. favours the large shipper.

12886. In your statement, you say that a larger quantity of tonnage goes Eastward than the tonnage which comes Westward?—That is so.

12887. May I take it that the difference is very considerable?—I do not know what the difference is, but I believe it is considerable.

12888. And the difference is not diminishing?—No, probably not.

12889. Of course, that means that a considerable number of ships returning westward are either not full or, it may be, are entirely empty?—I do not think they are empty, as far as I know.

12890. At all events, a considerable number are not full?—They are not full of Straits produce.

12891. In other words, they are seeking homeward cargoes?—Yes.

12892. And, I presume that that gives the shipper of produce a considerable advantage?—In what way?

12893. The advantage that there is a demand for cargo on the part of the shipowners?—Yes, certainly.

12894. As I understand your statement, the effect of the advantage before the Conference system was established was that the rates were beaten down?—Yes.

12895. May I take it that the effect of the rebate system has been to alter that?—To prevent the beating down?

12896. Yes?—Certainly.

12897. In other words, one of the main effects of the rebate system has been to take away or to diminish the advantage which the shipper of produce had before 1897?—Yes.

12898. Looking at the matter from the point of view of the merchant, you would say that that was a serious disadvantage?—Certainly.

12899. So that, putting aside the advantages in the way of regularity of service and other advantages no doubt present to your mind, you would admit that the effect of the rebate system had been so far detrimental to shippers, would you not?—Certainly.

12900. With reference to these advantages that you speak of in the way of regularity, I find you state in paragraph 16 that "forward contracts are also freely "made, which were not possible ten or eleven years "ago." Is that statement strictly accurate, that forward contracts were not possible ten or eleven years ago?—I believe so.

12901. It is strictly accurate?—I think so—to the same extent, certainly.

12902. You mean that they were possible, but there were difficulties?—It was a great gamble. Unless the price was such that you could afford to take these enormous risks, people did not enter into them.

12903. You have mentioned to my friend Professor Gonner that there were certain disadvantages under the rebate system with respect to Belfast, Dundee, Swansea, and certain other ports; did those disadvan-

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tages exist before the rebate system?—I think so; but I do not know about Swansea. If I am correct, prior to the establishment of this rebate system, I imagine any shipper wanting to get his cargo to Belfast, Dundee, and Swansea had to pay extra freight.

12904. Just let us see what the disadvantages at the present time are. Take a shipment of tin going to Swansea, and a shipment of tin going to London; in what respect is there a disadvantage?—At the present time, a shipment to Swansea has to pay an extra 7*s.* 6*d.* per ton, I think it is, for the transhipment.

12905. Do the Conference Lines charge that?—Yes, I believe so.

12906. Did that advantage to London, as compared with Swansea, exist before 1897?—I think so. I think we always had to pay extra to go to Swansea.

12907. Would the same be true of the other ports you mention, Belfast and Dundee?—Certainly.

12908. Do you speak with knowledge of that?—Yes.

12909. I see that the Commission which inquired into this subject draw attention in their report to the great natural advantages which Singapore has from its geographical position?—That is so.

12910. It is, according to the Commission—and you would say the same, I take it—a natural distributing centre?—Certainly.

12911. But I suppose that you would expect that these advantages would gradually pass away?—I am afraid so.

12912. And you would naturally expect, too, I suppose, that direct communications would be opened up between ports which formerly were not in direct communication?—Yes; and that has been the process which has been going on for some considerable time now.

Mr. Douglas William Lovell, called and examined.

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12913. (*Chairman.*) You have been 23 years in Singapore, I understand?—Yes.

12914. From 1884 until March of this year, you were in the firm of Messrs. William McKerrow & Co.?—Yes.

12915. Then you joined the firm of Guthrie & Co., Ltd., of Singapore, did you not?—Yes.

12916. And now you are one of the Managers of the London branch of that firm?—That is so.

12917. You have prepared a statement for us, I believe?—Yes.

(*The witness handed in the following statement.*)

1. My record is, 23 years spent in Singapore, from January, 1884, till March of this year, in the firm of Messrs. William McKerrow & Co., exporters of Straits produce.

The firm of William McKerrow & Co., was amalgamated with Paterson, Simons & Co., in February last. I then separated from them and have joined the firm of Guthrie & Co., Ltd., of Singapore, Penang, Fremantle, and London. The head of the firm of Guthrie & Co., Ltd., is the Honourable John Anderson, Member of the Legislative Council of the Straits Settlements.

I am now in the position of one of the Managers of the London Branch, being particularly connected with the import of Straits produce.

My chief experience has, therefore, been with William McKerrow & Co., who were large shippers, and I had complete control of the business in Singapore during the 17 years—1889 to 1907.

2. The history of the Straits Homeward Conference, which started in 1897, is well known to you through the Report of the Proceedings of the Enquiry which was held into the working of it in Singapore in 1902. The said report gives full particulars of the composition of the Conference, so there is no need for me to go into that; briefly, it was an agreement between some owners of steamship lines, engaged in the trade, and Straits merchants, by which the shippers were bound to ship all their cargo by the steamship lines concerned, and in return were to receive 10 per cent deferred rebates on all freights contributed, but the actual point which enabled the steamship owners to obtain this monopoly was a secret bonus return amounting to 5 per cent. on the total freights earned by all the lines, which was to be divided amongst a few of the most influential shippers, and thereby secured their adhesion to the Conference. This secret bonus is supposed to be compensation for giving up the right to charter outside steamers, but whereas, when this Conference was started, the rates of freight ruling were at such a low level that it was no longer profitable to charter in competition with the regular lines, it is obvious that the few select shippers referred to gave up the shadow for the substance, and, apparently, they are to be entitled to enjoy, in perpetuity, this unearned contribution from the shipowners, to the disadvantage of less favoured shippers.

3. New York was outside of this scheme, and the lines running to America were content to accept very moderate rates of freight, much to the advantage of the trade in America, until the year 1905, when a similar bargain was made between the owners engaged in the New York trade and the Inner Ring of the Homeward Conference, by which the same few shippers benefited, *i.e.*, the shippers permitted the steamship owners to raise the rates to about the same level as those current for Europe, in consideration of a secret bonus return made to the favoured few. I believe I may assert that this arrangement was made at the instigation of two of the principal Singapore merchants, by whom it was desired for the sake of their secret bonus, rather than the instigation of the shipowners, who would have been content to let things remain as they were.

4. William McKerrow & Co. were enforced parties to the Freight Conference, receiving only the ordinary 10 per cent. rebate on freight contributions until within the last two years, when they received some recognition at the hands of the Inner Ring and shared, in a small degree, in the secret bonus.

5. Guthrie & Co., Ltd., who are also shippers of produce, receive only the ordinary 10 per cent. rebate. It will be known to you that the Honourable John Anderson, already referred to as the head of this concern, has persistently opposed the Freight Combination as contrary to the interests of the port.

I, personally, have from the first been in opposition to the Freight Conference, but without the power to resist them, and obliged to do all I could to increase my firm's interest in the rebates.

Reasons against the Conference.

6. I object totally to the system of deferred rebates as a locking up of capital and a crippling of independent action.

I object strongly to the advantage conferred on the recipients of the secret bonus as being unfair to all other shippers. No one British firm has any prior right over another to obtain such benefits from a monopoly of a trade which really belongs to the Empire; but the matter is worse than this, because, amongst the few favoured firms, are one entirely foreign firm and two which may be described as semi-foreign firms. Thus, foreign firms working in a British Colony have an advantage over British firms in the same Colony. It amounts to this, that they earn, by way of a bonus, a return on the freight paid by their competitors in the same trade.

7. The shipowners interested in this monopoly are also, in a large measure, foreign. Thus, foreign-owned steamers are granted privileges in a British Colony which British owners outside of this Conference cannot share in, and I would here remark that this is a great contrast to the treatment British owners receive from foreign countries.

Effect on the Trade of the Straits Settlements.

8. Singapore is not a producing centre, but a collecting centre for produce from all the neighbouring States and Islands, for which Singapore has great natural advantages, and is situate on the direct highway from East to West. A vital necessity for the trade is low-carrying charges relatively to other ports which compete for the same produce. The lower the freight, the greater the purchasing power and so

much the more advantage for the outports to send their produce to the Singapore market. If the shipping facilities of the port were unfettered by these Freight Combinations, it is a matter of certainty that Singapore would be provided with tonnage at the lowest possible market rates, which would give them a material advantage over competing ports. By the granting of this monopoly of the carrying trade to a few steamship owners, the advantages of the position are all thrown away.

9. I contend that the rates of freight charged by the steamers are exorbitant. There is a scale of freights graduated for the different articles according to what the committee consider the articles and shippers will endure without being strained to breaking-up point. The list of freights, which you have no doubt before you, runs for many articles from 35*s.* to 50*s.* per ton. The basis of fair rates is what any steamer will accept for a charter to load in the Straits, and enquiry will probably show that if the ports were free we could secure our tonnage at about half the current rates charged. The high rates are by some said to be justified by the advantage of a regular and quick service, but in reply to this there is no reason to doubt that whether with or without a Conference we should enjoy these advantages.

10. Incidentally there are comparisons to be made between freights charged to the smaller ports on the Continent and in the United Kingdom, showing considerable advantage in favour of the foreign over the British buyer.

11. The question of loss of trade to the Colony is one about which people are found to argue on both sides, because figures can be made to prove anything in the hands of those who wish to remain blind to facts. It may be stated without doubt that the steamship owners are not concerned with the interests of the Colony, but only with the profitable running of their steamers. They have proved this by deliberately drawing away from the Colony much of the produce that used to pass through, by granting facilities to the out-ports and competing ports equal to what they give to Singapore and Penang. To quote instances: The Hamburg-Amerika Line have now a number of small local steamers calling at all ports in the Celebes, from which they feed their main line steamers, and they give to small shippers in all these out-ports through bills of lading at much the same rates as we pay from Singapore itself. Prior to the Conference, all such produce used to be handled in Singapore. Another instance may be shown in the working of the East Asiatic Line of steamers, who have taken possession of Siam and the Malay Peninsula East. From these parts they collect now all the produce which should come into Singapore, and transfer it to their main line for Europe. Again, the Ocean Steamship Company now run a line to Java under the Dutch flag. Java competes in many places with Singapore in the collection of produce, and thus the Ocean Steamship Company, by giving Java equal advantages, do not lose their share of the carrying trade, although the Colony may be deprived of a portion of the produce which used to come to them.

12. The port of Macassar, which prior to the Conference had no direct export trade to Europe but sent the bulk of her produce to Singapore, has now a flourishing trade, carried on by direct steamers. The steamship owners will argue that in any case Singapore must have lost a lot of this trade, as the facilities for direct shipment were bound to increase in such a place as Macassar. I cannot agree to this statement at all, and have every reason to think that, but for the establishing of this Shipping Conference, the port of Singapore would still have done a large share of this Celebes trade which now goes direct.

13. I can illustrate to some extent the loss of trade as follows:—I have tabulated exports of a dozen of the principal articles in years from 1886 to 1904, and I give below for comparison the grand totals as follows:—

In the year 1886—114,917 tons.
In the year 1896—201,956 tons.
In the year 1904—166,365 tons.

Note.—A decrease in bulk does not necessarily mean a decrease in value of exports.

1896 is the turning point of the Conference, before and after you see already the progress and decline. A young Colony like the Straits Settlements should not be content with anything but progress. Although the whole of this difference, which I have illustrated above, may not be attributable to the Shipping Conference, there can be no question that this is the main cause of the loss. I may add, with complete confidence in my statement, that if there had not been any Shipping Combination instead of losing some 30,000 tons of trade we should have gained about 30,000 tons of trade. The statement rests largely on the increased exports from Java and Macassar, of which Singapore would certainly have obtained a good share had shipping been free. The principal article concerned is copra, the production of which has increased enormously all over the Asiatic Archipelago. Copra is treated better than most other articles in the matter of freight, but rates from other competing ports and through rates from outports are equaly moderate. This year the Conference have seen fit to reduce the copra rate down to 22*s.* 6*d.* per 12 cwt. to most European ports, and this month there is a special low rate of 20*s.* in force for Marseilles. The reduction in the freight on copra has been of benefit in securing a larger proportion of the supplies.

14. It is worth mention that Russia has always been excluded from the Conference. Freight to Odessa has ruled much below the Conference rate and has resulted in a remarkable development in trade in copra with that port.

attribute to the Straits Freight Ring:—

(1) A loss to Singapore of the handling of, roughly, about 60,000 tons of cargo;
(2) A loss in the number of steamers calling;
(3) A consequent loss of work to the docks and trade in the port;
(4) An increase in the foreign as compared with the British shipping interests;
(5) Wherever there is any advantage in the matter of optional freights the discrimination is always in favour of foreign ports, as against British—which point was illustrated, as well as many of the others I refer to, in the Commission of Enquiry held in 1902 in Singapore already alluded to;
(6) A strong feeling of jealousy, soreness, and antagonism as between the shippers who enjoy the greatest benefits and those who are not so well treated;
(7) A deadening of the enterprise and energy which is usually so conspicuous a feature of British trade, and the consequent loss of a very stimulating influence on the trade of the port.

The British consumer is affected by the high rates as part of the benefit of lower rates would certainly go to the consumer.

London's share of the trade suffers by the Conference because direct facilities are now given to all the smaller ports which formerly were supplied by London, and thus almost the whole of the distributing trade has been lost to London dealers.

Alternative.

15. There would not be so many objections to a combination amongst shipowners without any rebate feature, and simply as a measure to prevent rates falling below a fixed minimum, which would have to be low. At the same time, shipping facilities are best left free and unhampered to stimulate private enterprise, which means they would be regulated by the only sound factors of supply and demand.

16. A war of competition would be very unfortunate for shipowners, but I do not see how the granting of a monopoly on terms such as those which exist, and the exclusion of British steamers from the port if they desire to avail of it, can be justified. If anything can be done to protect shipowners, it might be in the shape of an enactment prohibiting any steamer to load cargo from the ports in the Straits Settlements at less than a low minimum freight to be fixed by the Government or Chamber of Commerce. It is an essential point that British steamers, if they care to do so, should all be equally at liberty to call for cargo. A tax on foreign tonnage would not be at all out of place for the protection and encouragement of British shipping.

Future.

17. If the present Royal Commission do not take any steps in the direction of restricting or doing away with this Shipping Combination, the result will be to fur-

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ther strengthen the Freight Conference and increase the burdens complained of, compelling firms, in the same position as my own, to fight for the preservation of their share in the trade on unequal terms. Indeed, it would be far better that the Royal Commission should never have been held than that it should do nothing at all to alter the situation.

12918. (*Chairman.*) In your statement you direct attention to the Straits Homeward Conference, and the agreement of 1897; have you seen that agreement?—No.

12919. But there was an agreement in writing, I understand?—There was an agreement between certain merchants and the Conference of shipowners; that is the agreement with the secret bonus in it.

12920. I mean that agreement?—That I have not seen.

12921. Where is that agreement?—It would be in the possession, I should think, of one or two, probably, Messrs. Boustead & Co., and Paterson, Simons & Co. The last witness would have been able to give it to you.

12922. He could not. In 1897, that agreement was made between the Conference Lines and a few merchants?—The important agreement was, yes.

12923. I mean the secret bonus agreement?—The P. & O. Co. or Holts have the agreement, and so would the Secretary to the Conference.

12924. That agreement was between the Conference Lines and a few merchants, I think?—Yes.

12925. And from time to time other merchants became parties to the agreement?—We were all parties to the extended agreement, but not to the inner one.

12926. You mean there was an agreement or a circular which gave you the 10 per cent. rebate?—Yes. The ordinary 10 per cent. rebate agreement all the shippers were bound by.

12927. You speak about that agreement, but what is the written document relating to that agreement—it is a circular, I suppose?—Yes.

12928. And nothing else?—No, there was nothing else.

12929. So there was no agreement binding the shipowners to do anything?—Whenever an application is made for a bonus, you sign a statement.

12930. I mean to say there is no agreement by which the shipowners have bound themselves to do anything?—No, I do not think there is any agreement to that effect.

12931. So they might increase the freight to any extent they please?—Yes. It is quite correct that the shipowners have not bound themselves to do anything in particular except to supply tonnage.

12932. But have they bound themselves to supply tonnage?—Yes, in return for the shippers confining themselves to their steamers.

12933. Supposing they did not supply sufficient tonnage and regular sailings, what remedy would the shippers have?—A protest. It would be brought before the committee, and they would have to see that tonnage was provided. The obligation is upon them to supply tonnage, but I cannot recollect that any particular agreement on their part was signed; it was certainly an understood obligation on their part to supply the tonnage.

12934. I think you are of opinion, are you not, that there is really no agreement binding the shipowners to do anything?—So far as I know, none.

12935. In your third paragraph you say, "New York "was outside of this scheme, and the Lines running "to America were content to accept very moderate "rates of freight, much to the advantage of the trade "in America, until the year 1905, when a similar bar-"gain was made between the owners engaged in the "New York trade and the inner ring of the Home-"ward Conference"; so that New York has now come within the scheme?—New York is separate, but it has the same arrangement.

12936. Then you say in paragraph 4, "William "McKerrow & Co. were enforced parties to the "Freight Conference, receiving only the ordinary 10 "per cent. rebate on freight contributions until within "the last two years, when they received some recog-"nition at the hands of the inner ring, and shared, "in a small degree, in the secret bonus." Let me ask you about this term "secret bonus." Was it called "secret" because originally the existence of the bonus was not generally known?—That is so; it was not generally known. It was surmised, of course, but it was never made public.

12937. Why do you say Messrs. William McKerrow were enforced parties to the Freight Conference; what do you mean by that?—I mean we had no alternative. We could not afford to stay outside it. We could not charter for our own requirements, so we were obliged to take the facilities they offered.

12938. Could you not combine with other merchants to charter?—It would have been very difficult, because the largest shippers and the strongest firms were bound to the Conference.

12939. I see; they caught the larger merchants, and then it was difficult for the others to combine?—It was difficult, certainly. It wanted somebody to take the initiative, but it might have been possible. In those days we were not large enough shippers to attempt it, at any rate.

12940. Then you say that firm has received some recognition. Of course, I do not wish to go into particulars, but what do you mean by that?—I mean that we got a small share of the secret bonus latterly; that is, of the extra 5 per cent. on the total earnings which is divided amongst the favoured few—those seven firms.

12941. We have heard that it is divided according to the quantities of shipment?—It is quite a secret arrangement I should have said it is divided not according to that at all, but according to the fancy of the few who have influence in it. I do not think it was based on shipments. We were the largest shippers during the last year—at any rate I think we were the largest shippers at the end—and we certainly did not get the largest share of the bonus.

12942. So the distribution, in your opinion, is conducted in a somewhat arbitrary manner?—Yes, certainly.

12943. Are you opposed to the system of deferred rebates?—Yes.

12944. Strongly?—Strongly.

12945. You say you object to that system because it locks up capital and cripples independent action?—Quite so.

12946. Of course, a secret bonus is a great advantage to the large merchants?—Very great; it is always satisfactory to earn something for doing nothing.

12947. As far as you know, is not this system of a secret bonus peculiar to Singapore? Have you ever heard of its prevailing in any other part of the Empire?—I am not sure of the systems in other places. I cannot say I have, but I have not studied really closely the systems of other places, that is to say, not sufficiently to enable me to tell you that it does not exist.

12948. Some of these firms which are so favoured are either foreign firms or what you would call semi-foreign firms, I think?—That is so.

12949. And you ascribe the same character to some of the shipowners?—A very large proportion of the shipowners are foreign.

12950. In your eighth and the following paragraphs you speak of the effect on the trade of the Straits Settlements; you have looked into the statistics, have you not?—I have, and I have followed the course of events closely all these years.

12951. Do you think it is proved by statistics that the Conference rebate system has crippled the trade?—I would not say it has crippled the trade, but it has reduced the trade.

12952. That is to say, the trade would have been greater but for that system; that is your opinion?—Yes, that is the way I put it.

12953. Do you think that is proved by the statistics?—I think it is.

12954. Will you kindly show us how the statistics prove that fact?—I base it on the decreased imports into Singapore from the Celebes, from Dutch Borneo,

from the Sooloo Archipelago, and from Java, whilst all the time there was an increasing production going on in all these places. It is shown in the increased exports from Macassar and from Java, and also in the diversion of trade from Siam and the east coast of the Malay Peninsula, which has been taken away by the East Asiatic Company. We have lost in all those directions mainly, and in other smaller directions. You will notice it is shown in the statistics, which were prepared by the Registrar at Singapore, that Macassar sent 94 per cent. of her total exports to Singapore before the Conference, and that since then it has been steadily reduced down to 1904, when it was only 40 per cent., and if you take it up to date, you will find it is reduced further to 20 or 30 per cent.

12955. May not that be partly due to the fact that there are steamers now which load at neighbouring ports?—It is due to the fact that they have direct communication from Macassar and Java just as cheaply as we had from Singapore.

12956. How could that be prevented, and why should it be prevented?—We should do naturally all we could to keep the trade we started with, and cheap local steamers and cheap homeward freights would enable us to hold our own in these distant places. Originally, Singapore was far ahead of Java or Macassar in enterprise. All the local tonnage was British, and it was very well run, and Singapore had much better facilities for shipping than the neighbouring places, and a much bigger hold on the business. If once you start taking their produce, they in return take your goods, and so you build up a trade, which is only broken when better advantages are shown elsewhere.

12957. I only want to appreciate your argument. You think that would not have taken place but for the Conference system?—Not in anything like the same degree.

12958. The Conference Lines now load at the neighbouring ports, do they not?—Not the lines that pass through the Straits, but some of them have small local steamers as feeders.

12959. Give me a concrete instance; from where?—From all the small ports in the Celebes.

12960. Take one port?—Macassar, I think, is the chief port, but there are many of them.

12961. Just give me one or two instances?—You may take Amboyna and Billiton.

12962. From Amboyna to what ports?—These local steamers take up cargo at all the small ports and bring it to Singapore, and there transfer it to the main lines. The Hamburg-Australian steamers are particularly notorious for that. They call at all these small ports, and I can, if you like, give you a list of them? Here are some of them:—Gorontalo, Kandari, Menado, and Siouw.

12963. In what way has the Conference system affected that course of trade?—It has diverted it from Singapore, and it is never handled in Singapore now. It is collected either at Macassar, or in Java, or else it is taken direct from the ports at a through rate, instead of coming into Singapore. Singapore used to collect this produce in British steamers, but that trade from all these distant places has fallen off to almost nothing.

12964. Now there are from some of those ports direct shipments to Europe?—Yes.

12965. Under a Conference system?—Yes. There is a Conference system.

12966. So there, the Conference system has benefited those ports although it has injured Singapore?—It may have benefited the ports, but I think that is very questionable. They would have got better facilities in Singapore without the Conference, I think, in the way the old trade was done.

12967. You contend that the rates of freight charged for the steamers now are exorbitant; why do you say they are exorbitant?—You have the rates before you, and you will see they run up to 50*s.* per ton of measurement. It would be possible to charter steamers at very much less than half those rates. I base it on what tonnage could be obtained for outside of the Conference.

12968. Do you think that freights would be very much lower but for the Conference system?—I am quite sure of it. They would not be a third, probably, if left to themselves.

12969. In that case you would have the advantages of steady freights?—I do not know that it is an advantage to have steady freights, and I do not think that it is. Freights are subject to fluctuations, and there is a legitimate ground for profit in that.

12970. Steady freights, are, I suppose, an advantage to those who make forward contracts?—I do not think so.

12971. It takes away from them one item of risk and speculative danger, does it not?—That is one of the items on which you calculate to make a profit. If you are far-seeing in the matter of freights, you are more likely to do well in your business now-a-days with all the speculative elements there are in it, than if you are not.

12972. So you do not think it is an advantage to have steady freights?—I do not.

12973. You would rather have low freights which fluctuate?—Yes, that is my feeling about it.

12974. Than steady freights which are high?—Certainly.

12975. Do you think you would have such regular sailings?—I think so. I think it would make no difference; the lines are not going to shut up, but if they did——

12976. You could get other steamers?—Yes, we could get other steamers.

12977. In fact, naturally, those lines would be favoured that sailed regularly?—Certainly, they would have an advantage.

12978. Are those steamers which belong to Conference Lines generally pretty full when they sail?—Not always, indeed, very often they are not. I have known times when they have been very empty.

12979. That is a great loss to them, of course?—If they build steamers too large for the trade, owing to these artificial conditions, they have only themselves to thank. We most of us have to be responsible for the mistakes we make in our businesses.

12980. You say, therefore, that this Conference system is what may be called a somewhat artificial system?—Yes.

12981. Which has for its consequence that the steamers are of an excessive size, do you mean?—I think they have built more tonnage than they require for the homeward trade.

12982. I suppose you do agree with other witnesses who have told us that there is some advantage in having these regular sailings, which you could not have without a Conference system, or, perhaps you think you could have regular sailings without it?—I think we could have regular sailings without a Conference system, and I am very doubtful whether there is any advantage in it. It works both ways very often.

12983. Why do you say it works both ways?—When supplies are a little more erratic, markets vary more, and it makes all the difference when it is known that produce is coming along. A buyer can afford to wait if he knows the stuff is coming along very shortly afterwards. It acts in various ways on the markets, does it not? It makes it easier for the buyer and worse for the seller sometimes. It leaves more to the individual judgment, and there is more scope for profit.

12984. I suppose you would really think it an advantage to have regular sailings, would you not?—Fairly regular, yes.

12985. I thought you told me a few minutes ago that those lines would be supported and favoured which did sail regularly?—Yes.

12986. I think you must agree it is an advantage?—I think, on the whole, it is an advantage to have fairly regular sailings, but I do not think we should lose them.

12987. You think there would be regular sailings still?—I think there would be just the same.

12988. I see you make this emphatic statement in paragraph 13: "I may add, with complete confidence "in my statement, that if there had not been any "shipping combination instead of losing some 30,000 "tons of trade we should have gained about 30,000 tons

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"of trade." If you would have gained, others would have lost, I suppose?—Naturally, but then you want to conserve your interests. We are not concerned with Java; we want to conserve British Colony trade; is that not so?

12989. You mean British trade has been injured to that extent?—The trade of the port of Singapore, or of the Colony has.

12990. Your statement rests to a great extent on the increased exports from Java and Macassar, of which Singapore, certainly, would have had a good share, had she been free, you consider?—Yes.

12991. The rate for copra has been recently reduced, you say?—Yes, it has.

12992. And the effect of that has been, as one would expect, to produce a larger supply?—It has been a means of drawing more supplies but other neighbouring places have very nearly equally low rates, I think.

12993. I will go now to your paragraph 14 where you summarise your arguments. You say, that you attribute to the Straits Freight Ring, first, a loss to Singapore of the handling of, roughly, about 60,000 tons of cargo; to that extent, in your opinion, trade has been diverted?—Yes; and I think it is a moderate statement.

12994. Secondly, a loss in the number of steamers calling; thirdly, a consequent loss of work to the docks and trade in the port; and, fourthly, an increase in the foreign as compared with the British shipping interests; that means, does it, that trade has been diverted from Singapore to foreign ports?—No; that means, directly, that the foreign tonnage passing through Singapore has very much increased, apart from the diversion of trade—foreign tonnage, I mean to say, has benefited more by these higher rates even than British tonnage has.

12995. Then you point out that those who do not enjoy what has been called the secret bonus of 5 per cent., are in a worse position than their more favoured competitors?—Yes, that is so.

12996. And that has a bearing upon it. Then you also speak of London. You say, "London's share of "the trade suffers by the Conference, because direct "facilities are now given to all the smaller ports which "formerly were supplied by London, and thus almost "the whole of the distributing trade has been lost to "London dealers." Would you kindly explain what you mean?—20 or 30 years ago London was a centre for the produce business, and used to supply America and the Continent to a considerable extent, and always kept stocks because there was always an advantage obtained in freight to London, and, further, there were not the same facilities for shipping to smaller ports. It would pay small places on the Continent, and even in America, which were then doing a smaller trade, to take their supplies from London, where there were always stocks. That is entirely changed, and London, practically, supplies no one but the United Kingdom.

12997. The produce was shipped to London, and then from London distributed amongst different ports?—To a large extent.

12998. (*Mr. Lawrence.*) It used to be, you mean?—London was the centre of the trade in former times.

12999. (*Chairman.*) And now a great deal of that trade goes direct to other ports?—Practically all of it. The nature of the trade has altered entirely in the last 20 or 30 years.

13000. (*Mr. Lawrence.*) But that has not been since this Conference was established?—It has become more so since.

13001. That tendency has been apparent for the last 25 years—you say so yourself?—I am talking of the extreme. Twenty or thirty years ago it was very largely done through London as a centre, and gradually that was lost, and the Conference has made it more marked still.

13002. The Conference has only been in existence since 1897?—For ten years, yes.

13003. And a very large portion of this business has been away from London long before that?—Yes.

(*Mr. Lawrence.*) Mincing Lane I do not think would doubt the question. I have heard it for the last 25 years while I have been in business. Marseilles alone is an enormous factor.

13004. (*Chairman.*) I have always had a difficulty in seeing how this is the result of the Conference system?—It is not a very important point.

13005. You venture to suggest a remedy. In paragraph 16 you say, "A war of competition would be "very unfortunate for shipowners, but I do not see how "the granting of a monopoly on terms such as those "which exist, and the exclusion of British steamers "from the port if they desire to avail of it, can be "justified." I do not quite understand what you mean by the exclusion of British steamers from the port?—I mean that British tramp steamers, say, which want a cargo homewards, cannot get anything at Singapore. They cannot avail of it, and they cannot go and load there, because they cannot get any cargo. Formerly steamers going outwards with coal or other cargo would come into Singapore and take home a cargo of Singapore produce, and that was convenient for them, of course, on the round journey.

13006. This is your remedy, "If anything can be "done to protect shipowners, it might be in the shape "of an enactment prohibiting any steamer to load "cargo from the ports in the Straits Settlements at "less than a low minimum freight, to be fixed by the "Government or Chamber of Commerce." That is the remedy you suggest?—I do not recommend it, but I mention it as a possibility to prevent cut-throat rates. I think supply and demand are the only proper factors, and if they had been allowed to exercise their proper influence at the right time, ten years ago, they would have regulated it.

13007. Would you like to make the rebate system illegal?—Certainly.

13008. But if that cannot be done, then as an alternative you would suggest that remedy?—No, not as an alternative.

13009. (*Mr. Taylor.*) As a sequel, or as a corollary?—I think that freights should be free—that is my opinion.

13010. (*Chairman.*) But not entirely free?—Entirely free, and left to the question of supply and demand only.

13011. You say that you want a minimum rate fixed by the Government?—I mention that only as a sort of possibility, but not as a desirable thing at all.

13012. I do not quite understand how you are in favour of free freights, but at the same time you seek to recommend that the Government should fix a minimum freight; that is my difficulty?—In the previous paragraph I say, "At the same time shipping facilities "are best left free and unhampered to stimulate pri- "vate enterprise; which means they would be regu- "lated by the only sound factors of supply and de- "mand." I say, as a suggestion, to prevent cut-throat rates, that some minimum rate might be fixed, below which no cargo should be taken from the place, but I do not recommend such a course.

13013. You really do not recommend that?—I could not; I cannot say I do.

13014. So that the only remedy which you are in favour of is——?—Free, unhampered freights.

13015. The abolition of the system of rebates by legislation is the remedy you propose?—I think freights should be free and unhampered by any Combinations or Conferences.

13016. Therefore, the system of rebates should be abolished?—Yes, certainly.

13017. (*Sir Alfred Bateman.*) In paragraph 3 you say the Lines to New York are now coming into the Conference, or rather have made a similar Conference for themselves. That would be in spite of the United States law to the contrary. You do not think they have been hindered by any United States legislation lately, do you?—It appears not.

13018. The contracts, I suppose, are made out in the Straits?—Yes, in the East.

13019. Is the additional 5 per cent. arrangement also in force there?—Yes. There is the 10 per cent. ordinary rebate, and there is the additional 5 per cent. secret rebate.

13020. You say, in that way the rates to New York have been raised to very much the level of those to Europe?—Yes.

13021. You say at the end of that paragraph, "It "was desired, for the sake of their secret bonus, rather "than at the instigation of the shipowners, who would "have been content to let things remain as they "were"; do you mean, they would have been content to go on receiving less freight to New York than to Europe?—Yes, to America only without the bonus. It was simply a combination amongst the shipowners, and they kept the rates at a steady level of about 25*s.* for many years.

13022. But still the rates to America were less than they were to Europe before?—Much less.

13023. Now they are much about the same?—Yes.

13024. The shipowners were content with receiving less rates to America formerly; they would sooner have gone on with the old rates?—Yes; they were quite content, I believe. That is, according to my knowledge of the history of the negotiations.

13025. In paragraph 9 you speak about the freights; do I understand that you have any experience of the outward freights to the East, or is your experience confined to the homeward freights?—Personally, I have never looked after the other side of the trade at all.

13026. You lay great stress on the decrease of trade through Singapore from the Dutch possessions, and from the Federated Malay States also, I gather?—From the East Coast.

13027. Are you not rather impressed by the decreased percentage not by the decreased actual figure?—More by the decreased percentage.

13028. You do not maintain that there has been an actual decrease, do you?—Not in every instance, but in some, yes.

13029. Not in the general trade?—In certain things, yes.

13030. In the totals of the trade, for instance, that comes into the Straits Settlements from the Dutch possessions, say?—From the Celebes, yes.

13031. On the whole, there has been an increase in value, has there not?—If you take them all together, but if you take the Celebes separately, no—there has been a falling off there.

13032. Speaking generally, there has been an increase in the inward and outward trade of the Straits Settlements?—Not in quantity.

13033. Not in all the Straits Settlements, taking a number of years?—I think not—not if you take the later years. If you take a period of five years you may find it so, but not in the later years.

13034. Still, it must be looked at from the two points of view, must it not, of quantity and value?—Yes. The percentage is the more important feature.

13035. Do you mean that although we increase our own trade we do not like it if someone else has a still larger increase?—You misunderstand me; I mean to say the loss in percentage is the more important way to look at it. That means, although the trade of Macassar has increased, perhaps, from 15,000 to 40,000 tons, whereas we formerly got the whole of that trade, we now only get a small percentage of it. It is the percentage loss that is more important than the actual loss in quantity—the percentage of the whole trade.

13036. Supposing we had gained in quantity but lost in percentage?—We have lost in percentage, and we have lost in quantity, too.

13037. Have we lost in quantity usually?—Yes, you will find, I think, we have, if you look up the latest figures. I have not Mr. Stuart's figures before me, but you will very likely have them.

13038. You speak about the *entrepôt* trade with the Continent having fallen off from this country, and that instead of produce going from the East through London, that eastern produce now goes straight to the Continent; and you speak of that rather as the result of the Conference?—It has been made worse by the Conference; but that is not really an important point.

13039. Do you not think that such taxes on the Continent as the *Surtaxe d'entrepôt* in France, for instance, have also had an effect? You know the *Surtaxe d'entrepôt* which puts a higher rate of duty on goods which come to France through this country or through another port, than on the goods which go direct; has that not had a very much greater effect?—There are very few of our articles concerned in that I think—indeed, only one, pepper, I do not think it applies to raw produce much. I think it only applies to anything that France grows in her own Colonies, but not to other articles.

13040. You have not thought of that?—That may be a partial cause.

13041. You have proposed to have a tax on foreign tonnage, which would not be out of place for the protection of the tonnage of British shipping; but is that in connection with these Conferences?—No, it is outside; you cannot have it and a conference, too. I meant, if the Conference was broken up you might put a tax on foreign tonnage so that British steamers might get a larger share of the trade.

13042. I suppose that you would be prepared to have taxes in foreign ports put on British steamers?—That is already done to a large extent.

13043. Taxes on British tonnage as tonnage?—No; but it is done in some form or another—as a higher duty, perhaps. They are not allowed to load at all in some places.

13044. You are aware, are you not, that there are a number of commercial treaties which provide for these things, and that the rights are reciprocal under many foreign treaties; would you be prepared to do away with those treaties?—I do not think we get reciprocal treatment from, say, the Dutch in Java. A British steamer cannot go and load in Java under the same conditions as a Dutch steamer. In the same way, at Manilla, the Americans have threatened to exclude all foreign steamers and they will do that as soon as they can.

13045. Is that not in relation to the trade between the American possessions there and the United States?—Yes.

13046. But I was talking about foreign trade. You have not studied these questions of treaties much, perhaps?—I have not studied the treaties, but I have noted the difference in the treatment.

(*Mr. Reeves.*) The Americans go further than that in the way of restricting foreign shipping; for instance, if a Colonial steamer carrying passengers and cargo were to call at one of these American ports, say, Manilla, and then went on from there to Hawaii, she is stopped.

13047. (*Mr. Taylor.*) It is something like that in Australia. I understand that you view with natural alarm this diversion of trade from Singapore to direct channels of export from Java, and so on?—If we lose the handling of the business, naturally.

13048. I suppose a bag of pepper does not mind where it is shipped, whether it goes in an English bottom or in a Dutch bottom?—I do not quite understand the question.

13049. The question I want to put is this, do you think a bag of pepper is benefited by being handled twice instead of once? If you were the owner of a bag of pepper and you had the opportunity of shipping it direct to a port, or viâ another port at which it would be handled twice or three times, which would you do?—It depends where I could get the better price.

13050. The point here is not a question of price but a question of transit. Do you think there is anything remarkable in the owners of bags of pepper in Java—if pepper is grown in Java; I do not dogmatise about that, but wherever it is grown——?—It is grown there.

13051. Do you think there is anything remarkable in their trying to avoid the extra handling at Singapore?—No, I do not think there is anything remarkable on their part in that; certainly not.

13052. Is it not a natural development of trade; is it not going on all over the world?—I am concerned chiefly with the Colony of Singapore, and I am not looking after the interests of the rest of the world.

13053. This Commission is trying to ascertain certain facts and why certain facts follow certain causes. Is not this a natural development? Can you really say it is a result of a combination of shipowners? Is

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it not going on all over the world whether shipowners like it or whether they do not?—It is a difficult question to answer straightforwardly. It is all a matter of business relations with different people. If one man, say, in Amboyna has a regular trade with a man in Singapore, he has his credit there, and he exchanges goods with them, and it may suit him better to send his pepper to Singapore than anywhere else, because he gets there the facilities that he wants.

13054. I fully sympathise with your desire to see the Singapore trade kept in British hands; I am only trying to ascertain from you how this thing has really come about, and whether it is not a natural development?—Wherever the greatest advantages are, there the produce goes.

13055. I understand that you were several years with Messrs. Wm. McKerrow & Co.?—I was 23 years with them.

13056. During that time you violently objected to this Conference system, did you?—The Conference only started 10 years ago, but I have been a well-known opponent of the system since it started.

13057. A well-known opponent of this secret 5 per cent.?—Of the whole thing.

13058. And of the 10 per cent.?—I have been a well-known opponent of the thing from the start.

13059. Did you oppose the 5 per cent. more than you opposed the 10 per cent.?—The system was entirely against my ideas from the start. I did not like freights being hampered at all; they ought to have been free.

13060. Did you give public expression to that?—My views are very well known. I do not say I have expressed them at public meetings necessarily, but I have done so. I was instrumental largely in the inquiry that did take place. I was a member of the Committee of the Chamber of Commerce, and I think it was my vote which decided the matter that there should be an inquiry in 1902.

13061. At that time William McKerrow & Co. had no share in the 5 per cent. secret bonus?—Quite so.

13062. And you naturally resented that?—I did resent it, of course.

13063. And you directed all your efforts to see that they did get a share, with the others, of the 5 per cent.?—Certainly we did endeavour to look after our own interests. We are obliged to do so.

13064. But while you did that, at the same time you objected to the whole system?—Certainly.

13065. And fought it publicly as far as you could?—Yes, certainly. Everybody in Singapore knows my views—that I can say with confidence—and always have done.

13066. What rate do you think the outside steamers could be chartered for in Singapore to-day?—Probably 15*s.* to 20*s.* a ton.

13067. I am very sorry for the owners who take such rates?—It might suit them. I do not say they would always be at that level; it is a question of how the shipping trade generally fares.

13068. Is that 15*s.* to 20*s.* on the dead weight?—Yes.

13069. You think that a sporting risk in connection with freights is a thing rather to be appreciated than to be eliminated?—Yes, that is my feeling about it. I do not know whether you could call it sporting, but I think that fluctuations in freights like everything else are perfectly legitimate according to the state of the trade.

13070. It lends an added interest to the business?—It gives you more chance of making a profit if you are far-seeing.

13071. (*Professor Gonner.*) You are quite sure, with regard to the share by Messrs. McKerrow, that it was not calculated on their use of tonnage when they received this 5 per cent.?—Yes, I am quite sure.

13072. It is only fair to say that we have been told that the secret arrangement was a distribution of this 5 per cent. according to the proportion of the usage?—I can certainly contradict it.

13073. So far as that particular firm is concerned?—Yes. I think I may say it is not the scheme at all.

13074. Is the scheme laid down, do you think, in any document?—Not at all; it is not laid down.

13075. Have you ever seen the agreement?—No, I have never seen the agreement, but I have seen a good deal of correspondence about it.

13076. And you feel confident that it is not definitely laid down in the agreement?—I do not know what may be laid down in the agreement.

13077. (*Chairman.*) I may as well say that I have given instructions that the P. & O. should be called upon to produce the agreement?—I think you will find that the P. & O. leave it entirely in the hands of two or three of the influential firms. They have nothing to say as to the proportion in which it is distributed.

13078. (*Professor Gonner.*) In reference to your suggestion about a minimum rate, I understand that is a concession to the fear lest there should be a cut-throat competition?—That was the feeling I had.

13079. Personally, you would prefer that there should be a free freight market?—Quite so, but I do not wish to see steamers running for nothing.

13080. You suggest that that might be safeguarded by a minimum rate?—That was my suggestion.

13081. Could you tell us a little more about the trade to Odessa? How is it that Russia has always been excluded from the deferred rebate system?—The Russian Volunteer Fleet would not have anything to do with a combination of this kind, and it is the Russian Volunteer Fleet that chiefly serves Odessa. They are a Government Line practically, and they will have nothing to do with a Conference.

13082. So that at the present time goods shipped to Odessa (I suppose Odessa is the only port really there)——?—St. Petersburg also, but Odessa is the chief port.

13083. Those goods are shipped free of the rebate system?—Quite free.

13084. What are the rates to Odessa?—Just now, to take copra, the rate has been running from 20*s.* to 25*s.* per 20 cwt.; and the Conference rate has been 22*s.* 6*d.* for 12 cwt.

13085. To that you attribute, at any rate in part, the increase in the shipments to Russia?—Yes. They have been able to buy copra for many years cheaper than any other part of Europe.

13086. Taking the value of copra, I suppose the freight would form a material item?—A very material item; it is a bulky article.

13087. Could you give us any idea what percentage, taken in value, of copra?—At the present time about 8 per cent.

13088. You calculate the freight would form about 8 per cent. of its value?—Yes, that is about it.

13089. (*Mr. Owen Philipps.*) What is the value of copra?—£20 a ton, roughly.

13090. (*Professor Gonner.*) So that it would be about 7 or 8 per cent.?—Yes.

13091. Therefore an alteration in freight, your conclusion is, would be a very important item in the selling value?—It would be a very important item in copra.

13092. Is copra subject to a very strong competition? Is the price fixed by an active market?—It is a very large trade, and the prices fluctuate.

13093. Is there a very keen competition in the price of copra?—A very keen competition, indeed.

13094. It has been alleged repeatedly that the institution of the Conference system has been of singular advantage to the development of foreign shipping at Singapore; why is that?—That is clearly shown, I think, in Mr. Stuart's tables.

13095. I know it is shown that foreign shipping has increased, but I was asking what reason there was for connecting the two?—The foreign lines have been insisting on coming in, and the only way of maintaining the Conference was to give way to them as they always have done.

13096. Why should the Conference have given a peculiar advantage to foreign shipowners as contrasted with English shipowners?—I take it, that it enables

them to manage their lines better because they have been getting higher freights.

13097. It would be the same for English shipowners, would it not?—The English shipowners in the Conference are limited in number. I will try to put it in a different way. The foreigner was never so successful as the British shipowner before the Conference, I will take it. On equal terms I do not think the foreign owner could compete with the British owner; but given these artificial conditions he is encouraged to increase his shipping very materially.

13098. Then you consider that it is by the greater stability given to shipping that a shipowner relatively weak is encouraged?—Quite so. I may add that if things had been left to themselves 10 years ago, when the Conference started, they would soon have adjusted themselves and, probably, British shipping would have been at the top.

13099. Of course, when you have been discussing, as you were, the disadvantage to London of losing the transhipment trade, you have not been looking at the matter from the point of view of Singapore?—No; but it is not an important point.

13100. It does not affect the Colony of Singapore in any way does it?—No, it does not.

13101. It is rather the other way, is it not? It is an advantage to Singapore to get direct shipments to any port, is it not?—Quite so. There really is not much in it except as regards the London dealers.

13102. Of course, it would injure them, absolutely?—Yes.

13103. Have you had any experience of the export trade from this country to Singapore?—No, I have not. That has suffered to a like extent in some places, because the business of exports and imports is a matter of exchange in all these outports. If a customer stops sending you his produce he also stops buying goods from you.

13104. The Outward Conference is perfectly distinct from the Homeward Conference, is it not?—It is quite distinct, but the same people are in it.

13105. Naturally. You have had no experience of the Outward Conference, I think?—I have not.

13106. Is there much complaint of the Outward Conference?—I cannot say that.

13107. At any rate, it is not so prominent?—No, it is not so prominent. I presume that manufactured articles do not feel the strain of it so much as raw material.

13108. I ask you if you complain of the Outward Conference?—I am not competent really to say, because I am not in that. I have always been in produce myself, and I know nothing of the other side.

13109. Is there anything you want to add with regard to the differential rates which you say rule, on the whole, against British ports?—I cannot add anything to what was said at the Enquiry that was held in Singapore in 1902.

13110. There is nothing further to be added to that?—No. Here is an illustration of what I mean: If you wish to ship to Glasgow, say, the Glasgow rate is 7*s.* 6*d.* over the minimum rate. The only two ports in Great Britain that you can ship to at the minimum rate are London and Liverpool, and you can only ship to those ports direct at the minimum rate, that is, you cannot get any option at the minimum rate.

13111. I suppose the chief influence in the Homeward Conference is a British influence, is it not?—I think that it is mostly run by the P. & O. and the Holts—that is the Ocean Steamship Company—but I think there is more foreign tonnage now passes through Singapore than British, or very nearly as much, brought up to date, I mean.

13112. Can you explain why, if the greatest influence is a British influence, instances should be frequent where minor foreign ports have better transhipment rates than English ports?—In those matters they always give in to the foreign lines, because the foreign owner has some regard for the interests of his own country, and he takes care that they get the advantage, and the British lines do not feel disposed to risk the Conference on points of that sort.

13113. You mean that their interest in the Conference leads them to sacrifice the British port rather than to risk the continuance of the Conference?—I mean that it is more difficult, perhaps, to keep the foreign lines together than it is to keep the British lines together. The British lines, I think, are more insistent on the Conference even than the others. You will always find that the German lines will treat their own places better; for instance, no British steamer is allowed to load cargo for Hamburg—the Germans have a monopoly of that port to themselves.

13114. Then you attribute it to the supineness of the British shipowner?—He is so keen to have the Conference on any terms that he does not make much of these small points.

13115. That is your view?—That is my impression.

13116. (*Mr. Maddison.*) You have told us that you do not place much value upon steady freights?—No, I do not think I do.

13117. What do you think is the operating motive of those merchants who do place enormous value upon a steady freight, even although it is a high freight?—What is the motive?

13118. Why do you think they come to that conclusion?—I suppose the business is easier.

13119. Easier for the merchant?—Yes, I suppose it is. The calculation is easier, is it not?

13120. What do you say about the other person concerned, the consumer?—I suppose his object is to buy as cheaply as he can, as a rule.

13121. And, therefore, you say that a steady high freight is against him?—Yes.

13122. I suppose that amongst merchants the consumer is not taken very much into account, generally, is he?—We cannot do without him.

13123. Anyhow, you have given the answer that a steady high freight under a Conference system is against the consumer. The effect of the Conference, you told us, is to cause more through shipments from Macassar and other ports?—Of course, they ship direct from Macassar and the smaller ports.

13124. I gather from you that even in the case of Macassar you consider that the Conference system has had the effect of the stuff not coming to Singapore?—Before the Conference Macassar sent the whole of her supplies to Singapore; since then they are reduced to very small proportions.

13125. Why is that? I have still not got from you quite the cause of it under the Conference system?—Because our rates are kept up so high that we have no advantage as against Macassar.

13126. But then there is a Conference at Macassar?—That is just it—there is; but what we want is lower rates than the rates from Macassar; we do not want the same rates.

13127. Are the rates from Macassar lower or higher than the rates from Singapore?—They are about the same, I think, substantially.

13128. By "about the same" do you mean including the cost of transhipment and all the rest of it?—I mean that their rate is just about the same as from Singapore, leaving out all questions of transhipment.

13129. Before the Conference system, if a merchant sent his goods from Macassar to Singapore, and paid for the local steamer taking it, for the transhipment, and for putting it into a vessel, how would his rates then compare with the rates that he now pays?—It was better in those days before the Conference to send his stuff to Singapore and pay these charges. To begin with he had all his friends in Singapore, and he could exchange his produce for goods. It is only because the advantage we had in purchasing power has been taken away by these high rates which the Conference charged that we have lost that trade.

13130. Does it cost him more or less by his present system of shipping right through?—That just depends upon what freights are ruling. It would cost him more now shipping direct than if freights were free to competition.

13131. By more do you mean inclusive of all this cost of taking it to Singapore and transhipping? I want to know the net effect on his freights now as compared with the old system?—I do not quite understand the point that you are trying to make.

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13132. The point I am trying to make is whether the man at Macassar would get an advantage in the actual rate by sending it to Singapore or by sending it direct as he now does, including all the cost of each operation?—Before the Conference the advantage was in sending it to Singapore; now the advantage is in sending it direct.

13133. Take any article you like; what is the rate now from Macassar to Hamburg, we will say?—I could not tell you.

13134. Or the rate from Macassar to any European port?—It is just about the same as our rates at Singapore.

13135. Therefore, if he sent to Singapore, he would have in addition to that the local steamer?—Yes, he would have the addition of the local steamer now.

13136. Would he not always?—Formerly he had to pay very much higher freights direct than he has now. Macassar is a small port, and they did not get the same opportunities of shipping that Singapore did.

13137. But they get better opportunities now?—Now they get much better opportunities.

13138. So you would say that it is better for the Macassar merchant under the present system than under the old one?—I do not know that that follows at all.

13139. Is it so?—I cannot say; that is for the Macassar merchant to answer. We are not considering the Macassar merchant's interests, are we? I was not speaking of it from the Macassar merchant's point of view.

13140. Shipping is a world-wide trade, and this Commission must see the general effects of any proposition. Singapore is a great place, but it is not quite the world?—Certainly not.

13141. So we must just see whether this is a natural or an unnatural operation. Judging from your evidence I have come to the conclusion that the natural thing for the Macassar merchants to do is to do just what they are doing. Is that correct or not; is the natural thing to do what they are doing?—Under artificial conditions, yes; under ordinary free conditions, I dare say, no.

13142. I really want to know the inwardness of this. Supposing there were real free conditions, an open freight market, and Macassar under that system could send direct as it does now, would it be desirable to do so?—It depends upon what the rates of freight ruling are.

13143. We are now in an open freight market where Macassar can get the lowest possible terms?—I do not think Macassar could compete with Singapore in the matter of freights; I mean to say Singapore would always be able to beat her.

13144. That is to say, they have not the bulk of cargo and all the rest of it?—They have not the same amount of cargo, and they are not so much in the way of traffic. Singapore is on the direct route from the East, but no steamers, for instance, call at Macassar from China.

13145. To what Conference do the people at Macassar belong?—To the Dutch Conference.

13146. Exclusively Dutch?—Yes, it is all under the Dutch flag.

13147. Are there any English ships there?—Yes, but running under the Dutch flag.

13148. There are English firms running under the Dutch flag in this Conference?—Yes, but they could not run as British steamers under the British flag.

13149. We have had it in evidence that amongst these seven favoured firms, three of them, I think, we were told, were agents of shipping companies?—I think there are more than that.

13150. It does not really matter, because it is the next question I want to ask you. Do you know whether amongst those who are outside this favoured ring any of them are agents for shipping companies?—Yes, one or two.

13151. Only one or two?—There may be more.

13152. Do you really think there are more than one or two?—No, I do not, but if you wish that answered I could get you the exact particulars, I have no doubt.

13153. If you think there are only one or two, that is enough for my purpose. Just a concluding question: You have abandoned, if I may use the term, or perhaps you have never put it forward, this proposal of yours about the Government or the Chamber of Commerce fixing the price. As one who believes in an open freight market, it was rather a mistake to put that in, was it not?—Not at all; if you will read from the beginning, you will see that it is qualified.

13154. Then do I understand that you are prepared to advocate that as a serious proposal under certain circumstances?—I would not go so far as that. It is only to prevent cut-throat rates.

13155. If it is not a serious proposal, what is the good of putting it in? You would really prefer it not being in, I suppose?—I think it is a very unsatisfactory alternative, certainly.

13156. Do you put it forward as an alternative at all?—I cannot say that there might not be conditions under which it might be better than nothing at all.

13157. Would you like your commission, and your prices, to be fixed by the State, or by the Chamber of Commerce? As a merchant, would you like them to fix what you should pay for your stuff?—I am talking of a desperate situation, and I will try to illustrate it to you. If you were to break up the Conference to-morrow, the competition would be so great that rates would probably drop to nothing.

13158. You would not object to that, would you?—I know those are conditions that cannot last, of course, and we do not want them.

13159. That is why you can have no objection to it—they cannot last?—I mean to say that I do not want such a state of things myself. I want a natural state of things. Then, I say, you might relieve that situation by saying that below 10*s.*, cargo should not be booked, and I suggest that in order to prevent the cut-throat business. That is only a desperate alternative.

13160. It is a very desperate one?—That is what it means.

13161. Not a spirit of desperation that a merchant would ever get in?—We get into very desperate positions sometimes.

13162. When it is a question of low freights you have never known a merchant desperate because the freights were low, have you?—No, I do not think so. We do not want to starve the shipowners; we want the same conditions regulating shipping as regulate our own undertaking.

13163. Still, you only put it forward as a desperate alternative?—That is all.

13164. About this tax on foreign tonnage, do you think that would make for freedom?—It would help British shipping; that is all.

13165. You are concerned now about British shipping?—Certainly; I always was.

13166. But you are not sufficiently concerned about British shipping as to agree to their proposals when they declare, in the interests of British shipping, that a uniform high rate should be kept up, it being necessary, we are told, to preserve the supremacy of British shipping and all the rest of it?—British shipping in this case is reduced to two lines, as far as I know—the P. & O. and the Ocean Steamship Co. They have got a very nice monopoly, and I do not suppose they are very anxious to give it up to the rest of the British shipping.

13167. You have just told one Commissioner in answer to his questions, that the foreign line gets into the Conference because he frightens the British shipowner?—No; I do not think you quite caught that.

13168. What does he do? How does the foreigner get into the Conference so well?—Because they cannot make a Conference without him.

13169. Why cannot they make a Conference without him?—They will have his competition to contend with if they do not take him in.

13170. Is not that competition always a valuable factor in keeping down rates in an open market, and would it not be to that extent restricted if you kept out foreigners?—I do not quite take the meaning of that question.

13171. You have just said that the foreigner gets into the Conference because he threatens the British shipowner with his competition?—There is competition, and the British shipowner has to meet it. I did not mean threatening.

13172. We will not quarrel about words. The fact that the British shipowner knows there is foreign competition is a factor, and is an important factor in bringing the foreigner into the Conference, is that not so?—It is because he knows there is foreign competition outside the Conference that causes him to bring the foreigners into the Conference or to allow him to come in. Is that not so?—They cannot exclude him. They have to deal with his competition somehow, and they must either take him in, or else give up the Conference.

13173. Does it not come to this, that the foreign shipowner is brought into the Conference on account of his competition outside the Conference if he were not brought in. They have to deal with his competition somehow, and they must taken him in, or else give up the Conference?—Certainly, as far as I can understand it.

13174. Therefore, foreign competition operates upon the shipowner?—It operates against the shipowner.

13175. It operates upon the shipowner's mind in favour of asking him to come in?—Yes, it must do so.

13176. If you tax foreign tonnage largely with the object of keeping out foreign tonnage, would you not deprive the shipper of just that element of foreign competition which is so powerful with the British shipowner in keeping rates down?—I do not think you would deprive him of it. I think foreign ships would go on running all the same.

13177. If you taxed them?—Yes.

13178. Would your object be revenue?—No. It would be a small difference, that is all. It would be in the shape of some due, but I do not know that I would recommend such a step.

Mr. JAMES ARTHUR HUTTON and Mr. GEORGE BASIL ZOCHONIS, called and examined.

13179. (*Chairman*, to *Mr. Hutton.*) You have been good enough to furnish us with a *précis* of your evidence, which we can print?—(*Mr. Hutton.*) Yes.

(*The witness handed in the following statement*).

1. I am chairman of Messrs. J. F. Hutton & Co., Ltd., Manchester, a director of the Manchester Chamber of Commerce, a member of the African Committee of the Chamber and formerly chairman of that Committee, and chairman of the Council of the British Cotton Growing Association.

2. The evidence which I submit to the Commission, and of which the following 20 paragraphs is a *précis*, is offered on behalf of the Manchester Chamber of Commerce with special reference to the West African trade.

3. Prior to 1891, it was the custom for Mint orders for new silver to be granted to individual merchants, for the purposes of their business in West Africa, and practically the only silver that was sent out for purposes of business to West Africa was in the hands of a few of the larger merchants. In consequence of this, during the height of the produce season, there was a large demand for silver for purchasing produce; and in Lagos the premiums would go up as high as 2 per cent., 3 per cent., and even 5 per cent., but this difficulty was partially got over by larger quantities of silver being imported by the merchants. Such imports, however, could only be undertaken by the larger merchants, and, on many occasions, they had to wait as long as six to eight weeks before they got the money out. The man with money on the spot had certainly the advantage of them, but the smaller man was always at a disadvantage, and often could not buy produce at all. The result, undoubtedly, tended to force the trade into the hands of the wealthier merchants.

4. Undoubtedly difficulties did arise at times as regards the repatriation of the redundant silver, more especially on the Gold Coast. This is a difficulty which exists to-day also; for the natives, generally speaking, will not accept silver that is much worn, and consequently, silver which is sent out, must be in a new or almost new condition. After the silver gets worn to a certain extent, it gradually finds its way back to the bank, and, it is understood, that very great difficulties are met with, after bringing it home, in placing it in circulation in this country.

5. The African Banking Corporation commenced operations in Lagos in 1891, I am informed, at the instigation of Sir Alfred L. Jones. An agreement was entered into by them with the Government, that so long as they remained Bankers to the Government, the Crown Agents would cease granting orders on the Mint for coin, for shipment, to private merchants, and would furnish the Bank with such orders as they might require. If, however, the Government were satisfied that the Bank was making unreasonable charges, the Government would resume the practice of granting Mint Orders to private individuals and merchants.

6. It was, of course—as it is now—open to private traders to ship silver to Lagos, but they would have to face the cost of insurance and freight, with the additional difficulty that the Mint, being no longer in a position to supply them with new coin, it would be almost impossible to obtain, through ordinary means, anything but worn silver, which would hardly meet with acceptance from the natives, consequently, the Banking Corporation thereby secured the monopoly of the issue of coin.

7. In 1892 the Manchester Chamber of Commerce protested very strongly against this monopoly, and a long correspondence ensued with the Colonial Office. The Chamber were informed that the Bank only charged 1 per cent. commission for supplying silver to the merchants; and it was pointed out that this statement was not correct, as premiums were running as high as 2½ per cent. to 3 per cent. in Lagos; and in reply to this, the Banking Corporation stated that they charged 1 per cent. for silver ordered and forwarded through their agency, but that in cases of silver being required without sufficient previous notice a charge of 2½ per cent. or 3 per cent. was made, in order to cover the loss which would have been incurred by having to keep silver lying idle in West Africa.

8. I understand that the African Banking Corporation did not pay its expenses, and it ceased operations in Lagos about January, 1893.

9. On May 19th the Manchester Chamber of Commerce wrote to the Government, urging that they should take this matter into their own hands, and that they should charge a commission of 1 per cent. in order to cover out-of-pocket expenses, and to provide a sinking fund to meet the cost of repatriating surplus coin. On May 22nd, 1893, a letter was received from the Colonial Office agreeing to this proposal, and stating that in future silver would be supplied to individuals on payment of a premium of 1 per cent., and the cost of telegraphing to the Colony. A similar arrangement was also made for the Gold Coast, but the Colonial Office stated that in the event of the establishment of a public bank at Lagos, these arrangements might be subject to reconsideration.

10. In 1894 similar privileges to those which had been granted to the African Banking Corporation were given to the Bank of British West Africa, which commenced operations on June 1st, 1894, but for a period of about 18 months merchants were enabled to import silver coin as before. The bank had been run by Messrs. Elder, Dempster, & Co. for some time previously, but as they were a private firm the Government did not allow them the privilege of free silver, and they had to pay 1 per cent. like any other merchant. I understand many merchants used to obtain their silver from this bank at a premium of 2 per cent. to 2½ per cent. so as to get spot cash, and to avoid having to anticipate their cash requirements by six or eight weeks.

11. It has been stated in evidence that the arrangement with the African Banking Corporation was handed over to the Bank of British West Africa. This evidence has been given under a misapprehension of the facts, as there was an intermediate period during which Mint orders were again granted to individuals.

12. When the arrangement was entered into with the Bank of British West Africa, the Manchester Chamber

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of Commerce again raised a very strong protest against this monopoly, but they were informed that the Government could not hold out any hope of a reversion to the previous practice, for the following reasons, namely :—

That if the merchants were allowed to import undue quantities of silver coin, the cost of repatriating any redundant coin would fall on the general community, and not on those who had imported the silver, and who were responsible for the excessive amount of silver in the Colony.

There is no doubt that during the height of the produce season silver would be in great demand, whereas, for a considerable portion of the year, there would be a great quantity lying idle in the Colony.

The Government were also of opinion, that it would be to the advantage of the Colony that there should be one, and only one body responsible for the issue of coin, and that by the terms of their agreement, the bank were compelled to bear the cost of repatriating any worn or surplus coin.

Further, if the bank charges were unreasonable, the agreement could be cancelled at any time.

13. The Manchester Chamber recognised that there is undoubtedly a difficulty in bringing coin back to this country, and, therefore, let the matter rest, to see how it would work.

14. Merchants have now had 12 years' experience of the working of the Bank of British West Africa. The general practice may be described as follows :—

The representative of the merchant in Africa, presents a bill drawn at three days' sight, on the European firm, and the bank supplies the cash against this, subject to a charge of 1 per cent. The same charge is made to all merchants, large or small. Occasionally, the bills are drawn at seven to ten days' sight, and then, I understand, an additional charge of ⅛ per cent. is made, in order to cover the loss of interest. The result of this arrangement is, that the bank practically supplies the merchant with a month's credit ; and further than that, as a rule supplies the cash at a moment's notice. This arrangement is very much more advantageous than the old arrangement of the Crown Agents granting Mint orders. Then, any merchant requiring, say, £1,000 cash, had to deposit £1,000 in England, and had to pay, in addition to the 1 per cent., the cost of the telegram.

15. The old system was distinctly in favour of the large trader, and the small trader in Lagos, who has no house in England, would be unable to get money except locally from other merchants, and this was the reason for such high premiums as 5 per cent.

16. The Bank, I am informed, make no difference between small and large accounts, giving the small traders equal facilities with the large traders, and they raise very few difficulties about the standing of the firm at home. There is no doubt that if the matter was worked by the Government, cash would not be obtained at a moment's notice, unless the merchants were to deposit some security. In Lagos, moreover, not only are these facilities available for everyone, but the Bank will enter into an agreement with any individual who undertakes to obtain the whole of his silver from them, to charge only ½ per cent.

17. The general experience of all West African merchants connected with the Manchester Chamber of Commerce is that the Bank is most useful, as it provides facilities for shipping goods out, and makes advances to the shippers with a margin of 25 per cent., so that he is practically able to obtain payment for his goods as soon as they are despatched, the Bank collecting the account from the customer in West Africa.

18. The general experience has been that the Bank is very reasonable in supplying silver against bills drawn on the home house.

19. In these circumstances, the Manchester Chamber of Commerce have quite changed the position they took up 12 years ago, and are now entirely in favour of the Bank. In the unanimous opinion of the members of the Executive Committee of the African Section the present system is most satisfactory, and they would strongly deprecate any reversion to the old system.

20. I am informed that it is proposed that the Bank of British West Africa should amalgamate with the Bank of Nigeria. I am convinced that this is not in the interests of West Africa. The Bank of British West Africa is fair in its charges, and acts the same to all, and merchants generally would strongly object to any bank in the management of which some of the merchants had any active share. It would cause distrust, a fear of undue preference ; and, also, many people, who do not hesitate to pass their business through the hands of the Bank of British West Africa, would be afraid of placing the same in the hands of an amalgamation, as it would mean disclosing their business to their competitors.

13180. (*Chairman* to *Mr. Hutton.*) You are chairman of Messrs. J. F. Hutton & Co., Ltd., of Manchester, a director of the Manchester Chamber of Commerce, a member of the African Committee of the Chamber, and formerly chairman of that committee?—(*Mr. Hutton.*) Yes.

13181. Your *précis* relates to the Bank of British West Africa?—Yes.

13182. (*Sir Alfred Bateman.*) I see that you give evidence on behalf of the Manchester Chamber of Commerce with special reference to the West African trade?—As far as the Bank is concerned.

13183. Did you have a special meeting about it?—Yes.

13184. Of the whole Chamber?—No, only the African section.

13185. Was the opinion pretty unanimous?—Absolutely.

13186. In favour of the evidence you have given here?—Yes.

13187. In paragraph 10, you say, "The Bank had "been run by Messrs. Elder, Dempster & Co. for some "time previously, but as they were a private firm, the "Government did not allow them the privilege of free "silver, and they had to pay 1 per cent. like any other "merchant." The Bank now is a good deal in the hands of Elder, Dempster & Co., is it not?—Yes, but it is carried on absolutely as a separate concern, although Sir Alfred Jones is the chairman.

13188. So it is practically the same thing?—No, I should not say that at all.

13189. In what way is it independent?—Sir Alfred Jones has a large proportion of the shares—I think it is about one-third—but beyond being chairman, he does not take any active part in the actual management of the Bank.

13190. How many directors are there?—(*Mr. Zochonis.*) Five or six.

13191. Are they nominees of Elder-Dempster?—(*Mr. Hutton.*) No, I should not like to say that at all. I really do not know that I am qualified to answer those questions. (*Mr. Zochonis.*) Not that I know of. Sir Alfred Jones, as far as I can make out, holds one-fourth of the shares, and of course any recommendation he makes carries weight, but they are not nominees of Elder-Dempster. I know two or three of them who are quite independent, and in fact they do not always agree with Sir Alfred Jones. There is a good deal of difference of opinion in the management of the Bank. (*Mr. Hutton.*) I think I might add to that that there have been occasions when Sir Alfred Jones, with his usual generosity and impetuosity has made us promises which I have always taken the precaution of referring to the Bank, because I was afraid they would not be carried out, and they have not been carried out.

13192. In paragraph 14 you say, "The same charge "is made to all merchants, large or small." Are you sure that that is the case, and that there is no differential treatment between one merchant and another?—I am quite sure of that.

13193. Are you sure of it, because that is really an important point?—Yes.

13194. In paragraph 16 you say, "In Lagos, more-"over, not only are these facilities available for every-"one, but the Bank will enter into an agreement with "any individual who undertakes to obtain the whole "of his silver from them, to charge them only ½ per "cent." Is that an agreement that is to go on from year to year?—From year to year.

13195. For the year he makes such an agreement, he gets this charge of nearly ½ per cent.?—Yes.

13196. (*Chairman.*) Without any distinction, any individual gets it?—(*Mr. Zochonis.*) Without any distinction.

13197. Can you possibly state that no individual, through the influence of Sir Alfred Jones, is preferred to any other?—(*Mr. Hutton.*) I do not quite follow that question.

13198. Are you prepared to state that no individual can obtain any preference by reason of any influence exercised by Sir Alfred Jones?—I am perfectly certain of it. No one could obtain any preference.

13199. You have no doubt of it?—I have no doubt at all.

13200. (*Sir Alfred Bateman.*) In reference to your 20th paragraph, I gather you do not wish to see the amalgamation of the Bank of British West Africa with the Bank of Nigeria?—I should not consider the Bank of Nigeria an independent Bank. I suppose the members of the Commission know what the constitution of the Bank of Nigeria is. It is run by a certain number of merchants, and it is not an independent Bank in the same way that the Bank of British West Africa is.

13201. Is not the Bank of British West Africa run by merchants and people connected with the trade there?—No. I do not think there is a single director on the board who is a merchant engaged in the trade. (*Mr. Zochonis.*) There is not one.

13202. Are there any shipowners connected with the trade?—I know that no African merchant is a director.

13203. Who are the chief shareholders of this Bank?—(*Mr. Hutton.*) I can only answer that question on hearsay. I understand that Sir Alfred Jones owns a third of the shares, and I should imagine he would be the chief shareholder.

13204. I do not quite understand your objection to the Bank of Nigeria?—I object to it for this reason: Take the case of Manchester merchants, they are sending out goods to West Africa, and they finance them through the Bank of British West Africa, they send all the documents in the usual way. If the directors who are connected with the Bank were closely associated with the trade, there would naturally be a feeling that they were disclosing their business to rivals. The objections made against the Bank of British West Africa as not being an independent Bank would apply with still more force against the Bank of Nigeria.

13205. (*Sir Hugh Bell.*) Do you know that we have had various complaints as to there being suggestions of preferential treatment?—I have no doubt you have.

13206. It does not surprise you?—Not in the least.

13207. Would you disbelieve them?—Absolutely.

13208. The present arrangement appears to you to be entirely satisfactory?—The opinion of the members of the African Section of the Manchester Chamber, when this was put before them, was absolutely unanimous on the point. I, personally, made a point of asking every single man who was present, personally, whether he was satisfied. There was absolute unanimity of opinion about it.

13209. You are engaged in the trade, are you?—I supply Manchester goods to the West African merchants.

13210. Are you a manufacturer?—I do not manufacture now.

13211. Then you have no direct knowledge of the trade; you are not speaking from a knowledge of the trade?—Mr. Zochonis speaks with absolute knowledge of the trade, but I have a pretty fair knowledge of it.

13212. When you say you have a knowledge of it you do not mean a personal knowledge through direct transactions in which you might find where the shoe pinches?—(*Mr. Zochonis.*) I have that.

13213. I was asking Mr. Hutton, for the moment?—(*Mr. Hutton.*) I have financed goods through the Bank; I suppose that would be direct knowledge, and the whole of the Cotton Growing Association work is financed by the Bank.

13214. And the charge is not regarded as an unreasonable one?—No.

13215. As a matter of fact, do you know whether large quantities of silver have to be repatriated?—Yes, that is the case.

13216. Under the conditions which you set out in paragraph 4?—Yes. It depends very much on the state of the trade. It varies from time to time, but there is no doubt that during the slack season large amounts of silver have to be brought home, because there is no requirement for them at the time there. Then there have been several occasions within the last 20 years when the price of native produce has fallen very considerably in this market. The native will not accommodate himself to changes, and they very often will not sell their produce, but they bring out the silver they have hoarded and buy goods with that, and that silver has to come home.

13217. Of course, the seasonal variation does not involve a repatriation of silver, does it?—Only for the purposes of the Bank. It should not do so, but retaining it would mean that a considerable amount of silver would have to lie idle out there, if it was not brought home.

13218. At the rate charged, for the freight of silver for the carriage of silver out and home, it would probably be cheaper to leave the silver out there, would it not?—That is a question I should think the Bank could answer better than I could.

13219. But you are speaking of repatriation?—I can give you a recent case within my own knowledge in connection with the work of the Cotton Growing Association. We had last year a buying fund of something like £15,000. The whole of that money, from our point of view, has come home within the last few months because the cotton season is over now, and it will have to go out again next year. Whether the Bank have actually transferred the silver, that we were using, I cannot say.

13220. You brought the credit home?—Yes.

13221. But whether the actual specie has come back with it, you do not know?—That I cannot answer.

13222. I was rather referring to the last sentence in paragraph 4 than to the matter of which you have been speaking; I was rather referring to the defacement of the silver?—I believe it is the case that a considerable amount of silver has to come home periodically, because it is practically not in a circulating condition. The natives insist on having silver in very good condition, and there is a tendency for the worn coin to work back to the Bank.

13223. And that involves a considerable repatriation?—That involves a great deal.

13224. I see you say very great difficulties are met with after it gets home, in placing it in circulation in this country; does that mean that it is so sadly defaced that it does not easily pass into circulation?—No, I do not think that is the principal difficulty. Silver which would be refused by the natives of West Africa is quite good enough for circulation in England. I think the difficulty is more that the silver comes home in such large quantities that it is difficult to find people who require it. I am speaking really without definite knowledge, but I understand that the Bank has to place it on the various large towns throughout England.

13225. You do not happen to know anything about what happens in Manchester, for example, do you?—I understand they place a considerable amount in Manchester, but I have no definite knowledge. Mr. Zochonis says Elder, Dempster & Co. pay a large amount of salaries in silver, and that they get rid of it in that way.

13226. That is in England?—Yes.

13227. (*Mr. Reeves.*) You said that this system of the Bank charging ½ per cent. worked with absolute impartiality?—I believe so.

13228. At the same time I think you said you could fully understand there being a good many complaints made?—Yes.

13229. Would you mind telling us why complaints should be made of an absolutely impartial system? Is it the depravity of human nature, or is there any special reason for it?—I do not know, there are so many wheels within wheels, and there are so many jealousies in the West African trade that I think really that would be sufficient to account for it. As you know, any stick is good enough to beat a dog with.

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13230. I should have thought that if the thing worked with absolute impartiality they would not complain of it any more than they would complain of a post office or anything that worked automatically and impartially?—Of course, in reference to a post office, it is no good complaining, because you have not any chance of doing any good with it. One does not like to introduce the personal question, but there are personalities connected with it, and I would sooner really say nothing about it, if you would excuse me.

13231. I fully understand. You think it probably would resolve itself into personal and trade feeling?—To a certain extent, I think so.

13232. Would you forgive me for saying you again emphasise that you believe it works with absolute impartiality?—I have not the slightest doubt about it.

13233. Sir Alfred Jones is, of course, the chairman of the Bank?—Yes.

13234. And you have said that beyond being chairman and being much the largest shareholder, he takes really no active part in the Bank management?—He takes an active part in anything he is connected with, but I mean as regards the really detail work, he has not the time to attend to it.

13235. He is a man of immense force and varied affairs, but can he give any fair amount of his time to the work of the Bank?—He is very hard-worked, but I think he keeps in touch with all the work of the many concerns he is connected with.

13236. In practice, does he give much time to the Bank?—He knows everything that is going on. Of course, I cannot really answer all these questions with absolute knowledge.

13237. He appears to the mere outsider to be more or less something in the nature of a special providence as regards West Africa?—I think he is.

13238. Is it not possible that that special providence may have his hands too full?—That is possible.

13239. (*Professor Gonner.*) Do you think that the Bank of British West Africa is what would be termed an entirely and absolutely independent Bank?—No; I do not think you can say that.

13240. We have had evidence from Sir Ernest Blake, and Sir Ernest Blake told us distinctly that he wished that there was in West Africa an absolutely independent Bank, and he said he did not consider the Bank of British West Africa an absolutely independent Bank; do you agree with that?—More or less, yes.

13241. Then you think it is under certain influence in West Africa, and I ask you, as a merchant, would you wish to see an absolutely independent Bank?—As a merchant, I am perfectly satisfied with the Bank as it is; but I will admit at once that it is not a really independent Bank.

13242. Does that not a little invalidate your argument in paragraph 20, that you would deprecate an amalgamation between the Bank of British West Africa and the Bank of Nigeria, and that you would urge an extension of the Bank of British West Africa to Nigeria, and I understand you do urge it?—Yes.

13243. You are, in fact, urging the extension of a bank which is not an absolutely independent bank?—I do not think it invalidates the argument in the least degree. We find in our business relations with the Bank of British West Africa that it is worked with impartiality and fairness.

13244. But you do not call it an independent bank?—I think for all practical purposes it is as good as an independent bank. Of course, it might be better if you could get an absolutely independent bank.

13245. You will agree that Sir Ernest Blake, at any rate, is not involved in personal questions in West Africa?—Absolutely.

13246. We have his distinct opinion that it is desirable that there should be an absolutely independent bank which should have the monopoly right?—I would certainly bow to Sir Ernest Blake's opinion; in fact, to a certain extent, I agree with it.

13247. You state that you do not approve of a bank which has, of course, merchants on the directorate?—Yes.

13248. I suppose you take that attitude because of unfortunate circumstances in West Africa?—There are so many jealousies and so many personalities connected with the trade that one would sooner not have any merchants connected with the bank.

13249. It is customary in all banks at home to have merchants on the board. You do not object to that, do you?—It is not quite the same thing, is it? The directors of a bank at home cannot go into the many details of the manifold work there is connected with a bank, I should say.

13250. Does not the managing committee do so?—The managing committee perhaps would be a different thing.

13251. The managing committee is a committee which meets every day?—Of course, it would be bringing rivals into much closer contact with our business in West Africa.

13252. I quite see the difficulty?—If a merchant is appointed as a director of a bank in England, it is not because of his particular connection with a particular trade. In this case they would be connected with a particular trade.

13253. I differ as to the reasons of the appointment. I should have said that sometimes it was because of his particular connection with a particular trade?—I daresay this is sometimes the case.

13254. Do you really think that it is quite accurate to suggest, as you do in paragraph 20—and I am sure you mean it to be accurate—that people engaged in the Bank of British West Africa are not interested in actual trading concerns in British West Africa? Sir Alfred Jones, is as we know, interested in a certain amount of the merchants' trade?—I think there is only one case.

13255. We have had plenty of instances of the multifarious activity of Sir Alfred Jones in connection with merchandise in West Africa. For instance, of goods being sold on ship's account?—If it is any satisfaction to you, I will admit at once that in theory one would like to see an absolutely independent bank.

13256. Thank you. I have only put before you the evidence which we have had from a witness who is perfectly independent, and I wanted to know your opinion on that. Then with regard to the silver question, you suggest that it is open to private traders to ship silver to Lagos?—Yes.

13257. But it is really not open to them to ship silver which they can use, is it?—It is not open really.

13258. Do you not think you would be willing to modify that paragraph? You say it is open to them, only you readily admit that the silver they can get and ship is not silver which the natives will accept?—Yes, you are quite right. I think that paragraph 6 might be withdrawn without affecting the main point of the evidence, but, as a matter of fact, the concluding sentence states that the Bank practically has a monopoly.

13259. I think it hardly represents the state of things, because they cannot get the silver from the Mint. I beg to refer now to paragraphs 15 and 16. —you will excuse me for taking the matter in some detail. Do you not think that we there get the explanation of the objection of the large trader to the banking monopoly?—I think you can take it that the Manchester view is opposed to the views which have been expressed by previous witnesses, because we try to look at the question from the point of view of the small trader, and I think a great deal of the agitation that has gone on is from what I might call merchants with more monopolistic tendencies.

13260. Large traders?—Yes.

13261. They did possess an advantage formerly, and that advantage is impaired?—Undoubtedly.

13262. The transfer of this power has deprived them of a certain advantage which they then possessed?—There is not the least doubt about that.

13263. You do not wonder then at their complaining of the absence of the advantage and of its withdrawal?—I should like to put it this way—that I think, using the illustration of the Universal Providence again, Sir Alfred Jones is distinctly the friend of the small trader as opposed to the large trader.

13264. Some of us, perhaps, think that the large trader is as great a benefit to a country as the small trader, but that is quite by the way, and whatever view we may take of that, the large trader has had his position of predominance impaired by this system of the grant of the monopoly of silver to a particular bank?—Yes.

13265. You cannot give us any instances, can you, of the difficulty of repatriation?—I know that they exist.

13266. Do you know it from practical experience; that is my point?—No; only the people connected with the bank would actually know it. I do know that in some cases they have sent large quantities of silver to the people whom Sir Alfred Jones buys his ships from, and they pay their labourers with it.

13267. Of course this is rather a separate question, and I do not think it affects the question of Africa particularly; but do you think the cost of repatriation is really a serious matter?—It may become so.

13268. It might become so, but do you think it has of recent years become so?—I think it is a distinct inconvenience to the Bank, and the Government were evidently afraid of it in the early nineties.

13269. (*Mr. Maddison.*) You have made it plain that you think it would be better if there were a strictly independent bank?—Yes, for the sake of appearances.

13270. Do you see any difficulty in getting such an institution?—I do not think I can answer that question. There may be difficulties that I am not aware of.

13271. I think you do feel that when we come to the real details of this thing, you do not know very much about it?—I should rather like to put it this way—that if we had a bank run on the lines that English banks are run on, I do not suppose the traders would get as favourable treatment as they do from Sir Alfred Jones.

13272. Then do you mean to say that Sir Alfred Jones gives better results to traders than an independent bank would?—Yes, I think he does, because he wants to encourage trade as much as possible, in order to get increased freights for his steamers.

13273. Why do you want an independent bank then?—I do not want an independent bank, but I say I will admit for appearances that it might be better to have an independent bank.

13274. Your answer to the previous Commissioner was that you thought a strictly independent bank would be better?—For appearances—I will qualify it—on principle.

(*Professor Gonner.*) I did not understand Mr. Hutton to say that personally he would prefer an independent bank. I may, in justice to him, say that. He thought, generally speaking, it would be better, but he did not say to me "for appearances."

(*Witness.*) I should say, as a matter of theory, it would be better.

13275. (*Mr. Maddison.*) That is rather a strange statement, and I do not think you quite mean it when you say you merely want an independent bank "for "appearances"?—I will alter my answer again, if I may. I think in theory it would certainly be better to have an independent bank, so as to avoid all possible room for suspicion.

(*Chairman.*) May I suggest that I think we are travelling rather far away from our reference? I do not see how it would be within our province to recommend any legislation with respect to this matter, and therefore I cannot see how this discussion is very useful. Certain charges were brought against Sir Alfred Jones, and therefore we took an opportunity to get witnesses to refute those charges, but I do not think we ought to devote much time to this question. I only wish to make this suggestion to the Commission, that I do not think we ought to go very much into this question, because I cannot see the bearing which it has on the subject we are called upon to consider.

13276. (*Mr. Maddison.*) The only point is that we have got here a *précis* of evidence, and if we are not to question upon it, it seems to me that somebody has wasted some printing. This gentleman tells us, first that he wants an independent bank, and then says he wants it for appearance's sake. I only want to know just what he means; that is all. I have no knowledge of banking; still, the "appearance" of a bank does not influence me very much. (To the witness) I should like to put this question: We have had it in evidence that the Bank of West Africa is Sir Alfred Jones; do you agree with that?—No.

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13277. How many directors are there of this Bank?—I think there are about five or six.

13278. Could you give us their names and the trades they represent?—I do not think I can answer that question. I do not know the names of all the directors.

13279. Has this *précis* of your evidence been submitted to Sir Alfred Jones?—Yes, he has seen it.

13280. Then it is his evidence, is it?—No, certainly not.

13281. Why did he want to see it?—He did not want to see it; I sent it to him myself.

13282. Why did you want to send it to him?—I sent it to him to know whether he had anything to say about it.

13283. That is to say, he approves of this evidence?—Yes. May I add, Mr. Chairman, that the evidence I submitted to Sir Alfred Jones has not been altered in any way whatever since it was submitted to him.

13284. That is exactly my point, that it has not been altered; so that Sir Alfred Jones approves entirely of this—it speaks his mind?—No. I sent it up to him to know if I had made any statement that was not correct. (*Mr. Zochonis.*) May I say that this evidence which has been given by Mr. Hutton is given on behalf of the Chamber of Commerce and of the African section? It is given by Mr. Hutton and myself as well. I may say that Mr. Hutton has practically prepared the statement; he gave it to me and I went through it, and I found it was correct. I knew nothing about Sir Alfred Jones having seen it or anything like that. I only say that I am a merchant in Africa myself, and from my personal experience I endorse all that Mr. Hutton has said—but not that Sir Alfred Jones had anything to do with the evidence, either in preparing it or anything else.

13285. That does not in any way interfere with Mr. Hutton's statement that it was submitted to Sir Alfred Jones?—(*Mr. Hutton.*) Certainly.

13286. (*Professor Gonner.*) Was it submitted to the African section of the Manchester Chamber?—Certainly.

13287. Have they been through the evidence?—They have been through it.

13288. (*Chairman.*) Now we will go to the second part of Mr. Hutton's evidence, and also the evidence of Mr. Zochonis. (To Mr. Hutton). You have prepared a *précis* of the evidence to be given on behalf of the British Cotton Growing Association, have you not?—(*Mr. Hutton.*) Yes.

(*The witness handed in the following statement.*)

The evidence of which the following seven paragraphs are a *précis* is offered on behalf of the British Cotton Growing Association.

1. This Association's operations have been increasing yearly, not only in West Africa, but throughout other parts of the British Empire. The most progress has been made in Lagos, where the production of cotton has been as follows:—

1903	... ...	500 bales
1904	... ...	2,000 ,,
1905	... ...	3,200 ,,
1906	... ...	6,000 ,,

2. It is estimated that the 1907 crop will amount to between 10,000 and 12,000 bales. The greater bulk of this cotton passes through the hands of the Association, who have to find the cash for buying it, and, in addition, a large amount of cash is required for payment of salaries, cost of ginning, railway freight, &c.

3. The whole of this cash is obtained through the Bank of British West Africa, at a charge of ½ per cent. The bills are drawn at three days' sight by the Association's Manager at Lagos, on the Head Office in Manchester, and on the presentation of these bills at the Lagos Bank the cash is handed over to the Manager.

4. It is of great assistance to the Association to be able to obtain practically any amount of cash at a

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moment's notice, on such reasonable terms, and there is the additional advantage of the saving in capital which is thereby obtained, for, if it was arranged that in future cash was only to be obtained by Mint Orders, the Association would have to lock up a considerable amount of capital in deposits in London.

5. Representations to this effect have been made to the Government, and also they have been strongly urged, if possible, to make arrangements for the Bank of British West Africa to extend its operations to Nigeria, where it is expected that much larger developments will take place in the future. Copy of this letter is attached.

6. As to freight on cotton, evidence was given by Mr. John Holt to the Commission that the rates were unreasonable. In justice to Sir Alfred Jones, it is only right that the Commission should know that the ocean rate of ¼d. per lb. was practically fixed by the African Committee of the Association. Sir Alfred Jones left it to them to fix what would be a fair and reasonable rate, and it was considered, in view of the present price of cotton, the ¼d. was a rate that cotton could well afford to pay. In the same way, the existing rate of 20s. per ton on cotton seed was fixed by Sir Alfred Jones, after consultation with this Association. This is an article of low value, and will not stand such a high rate as cotton, which is worth over £50 per ton.

7. Should there be a heavy drop in the price of cotton, I have not the least doubt that Sir Alfred Jones would be prepared to meet us in a reasonable way. We have always found him perfectly reasonable, when he has been approached in a proper manner, on any of the these questions.

13289. (*Chairman.*) (To Mr. Zochonis.) I think you have prepared a statement for us?—(Mr. Zochonis.) Yes.

(*The witness handed in the following statement.*)

1. I am managing director of Messrs. Paterson, Zochonis, and Co., Ltd., of Manchester and Liverpool, trading in these cities and in the British Colonies of Sierra Leone, Lagos, and Southern Nigeria, and also in the Guinée Française and Liberia.

2. I have been actively engaged in the West African trade, both as exporter and importer, for about 35 years. I am a Director of the Manchester Chamber of Commerce, and Chairman of the African Section of that Chamber.

3. I have an intimate knowledge of the conditions of the shipping trade as they obtain between this country and the West Coast of Africa.

4. The arrangements for shipping goods to West Africa and importing goods home from that coast are greatly superior to those which were in force fifteen to twenty years ago, and they are improving every year. Sailings are more frequent and regular, and, generally speaking, a shipper can depend on regular departures and arrivals much more than he could in earlier years.

5. Some years ago, the shipping companies serving the West Coast, viz., the British West African, the African Steamship Company, Messrs. Elder, Dempster and Co., and Messrs. Woermann, entered into an agreement to ship under the rebate system.

6. From my experience, I should say that the rebate system has not worked to the disadvantage of traders, and, speaking generally, I approve of it, so long as the system is not abused. It certainly helps the steamship companies to give us a good class of steamers with regular sailings, and this is more important to the trade than even cheap freights.

7. In my opinion, if the rebate system were abolished it would give an undue advantage to large shippers. I am absolutely convinced that the rebate system is of great advantage to the small shipper. It gives him security of equal treatment and regularity. Under that system he has only to pay the same rate as his competitors; whereas, if merchants were not bound, and were at liberty to charter steamers, such chartering could only be done by the wealthy merchants in a large way of business. This would cause the shipowners to run their steamers irregularly, at such periods as would give them full cargoes. The smaller traders would be wholly dependent on the shipowners, and could neither get the lowest rates of freight, as compared with the independent charterer, nor rely upon a sailing date. The members of the African Committee of the Chamber are absolutely convinced on this point, and they are of opinion that the interests of the small trader should be safe-guarded, as he is not in the advantageous position of the large trader for giving effect to his wishes.

8. It is essential to the interests of the natives of our West African Colonies that the competition in prices, brought about by the existence of the small trader, should be preserved as far as possible.

9. There is, however, one matter in connection with the rebate system that calls for remedy. Shipowners are in the habit of retaining the rebates which have accrued due to the shipper from January to June, or from July to December, until the expiration of the six months next ensuing. The rebates accruing from January to June are not paid by the shipowners until the 1st of the following January, nor those accruing from July to December until the 1st of the following July. This means that on the average they have nine months' rebates in hand. Large sums of money are thus held by them constantly, upon which no interest is paid. Merchants are generally of opinion that this system should be altered, and that as the accounts are made up for half-yearly periods, the amounts shown to be due should be immediately payable, and not retained for six months in the shipowners' hands.

10. Taking into consideration the fact that there is not a single harbour in British West Africa with up-to-date conveniences for loading and unloading, and considering also that in many cases everything has to be transhipped, I do not think, generally speaking, that the rates of freight are unreasonable.

11. I have read the evidence proposed to be given by Mr. Hutton on the West African banking arrangements and the import of silver, and I fully endorse it.

13290. (*Chairman* to *Mr. Hutton.*) How long has the British Cotton Growing Association existed?—(*Mr. Hutton.*) It was founded in 1902.

13291. What is the object of it?—To get cotton grown throughout the Empire.

13292. I suppose it is an association which includes a great number of members?—We have 4,000 shareholders.

13293. It is an extremely influential association, I understand?—It is one of the most influential bodies in the country, I should think.

13294. In your statement you say that the operations of the association have been increasing yearly, and you give the figures in support of that. Then you state how the cash which is required for the operations (which you shortly describe) has been obtained and is obtained through the Bank of British West Africa?—Yes, that is so.

13295. Now I come to paragraph 6, as to the freight on cotton. Do you know that Mr. Holt has given evidence before this Commission that the rates are unreasonable?—Yes.

13296. You say, "In justice to Sir Alfred Jones, it "is only right that the Commission should know that "the general rate of ¼*d.* per lb. was practically fixed "by the African Committee of the Association. Sir "Alfred Jones left it to them to fix what would be a "fair and reasonable rate, and it was considered, in "view of the present price of cotton, that the ¼*d.* "was a rate that cotton could well afford to pay. In "the same way, the existing rate of 20s. per ton on "cotton-seed was fixed by Sir Alfred Jones after con-"sultation with this Association. This is an article "of low value, and will not stand such a high rate "as cotton, which is worth over £50 per ton." So these rates were really fixed with the consent of the Association?—They were, I might almost say, fixed by the Association.

13297. Have they varied?—No.

13298. Since what time have they not varied?—I think it would be about 1903-4 that the rate was made.

13299. So it was then virtually made by the Association, and has never since been changed?—Never.

13300. And so the Association has no complaint to make at all?—Absolutely none—rather the contrary. I think we feel extremely grateful to Sir Alfred Jones for having met us in the matter.

13301. (*Mr. Owen Philipps.*) Who is the President of the British Cotton Growing Association?—Sir Alfred Jones.

13302. He takes a very active part in its management, does he not?—Very little in the management.

13303. (*Chairman.*) This is a very important Association, and I should like to know the truth of the matter. We know that Sir Alfred Jones is a very able and influential man. Could he carry anything which did not meet with the consent of the Association in general?—It would be absolutely impossible.

13304. *It is* a very influential Association?—Yes. He *could* not do *it*.

13305. So that although he is the Chairman of the Association, he is not what I may call the governor of the Association?—He is the President, and I am the Chairman.

13306. Do the directors meet often?—We have two committee meetings every week, which are generally attended by about 10 or 15 members; and we have a council meeting every month, when there is generally an attendance of 30 or 40.

13307. Are those directors independent gentlemen who exercise their judgment quite independently of Sir Alfred Jones?—Absolutely.

13308. I mean, there is no reasonable ground for saying that they are what may be called "dummies"?—No, not the least.

13309. (*Mr. Reeves.*) Have they any business relations with him outside?—I think Mr. Zochonis is the only one, but there are two of the members of the council who are connected with West African trade.

13310. (*Chairman.*) Now, I will refer to the evidence of Mr. Zochonis. You are the managing director of Messrs. Paterson, Zochonis & Co., Ltd., of Manchester and Liverpool?—(*Mr. Zochonis.*) Yes.

13311. You have been engaged in the West African trade for about 35 years, and you are a director of the Manchester Chamber of Commerce and chairman of the African section of that Chamber?—Yes.

13312. We should like to have your opinion as to the effect of the Conference and the rebate system on West African trade. In your opinion what effect has it had? Has it improved it and increased it, or has it tended to cripple it, or what?—We have a better service of steamers; we have more regular sailings, and we have equality of treatment as between the small and the big shippers. I think that the West African trade will be served better by a good service of steamers and equal treatment for all shippers than by even cheaper freights. I consider that the freights are not unreasonable, taking all things into consideration. I do not say that they are perfect, and I do not say that they cannot be improved; but, taking things as they were 10, 15, or 20 years ago, and comparing them with what they are to-day, I think there is a distinct improvement apparent in everything. If you abolish the rebate system it will give the larger shipper an opportunity of chartering a steamer whenever the freights are low in England for tramp steamers; and, of course, he will have that advantage over the smaller shipper. If that is so, then supposing the larger shippers could charter whenever it suits them, and the steamship company cannot rely on getting all the trade, then they would either have to give us a poorer service or they would have to make an arrangement with the larger shippers to prevent them from chartering by giving them preferential treatment—by which, of course, the smaller shipper would not benefit.

13313. I daresay you have read the evidence which has been given by merchants from Singapore?—No, I have not read it.

13314. Have you heard that preferences are given under this rebate system to some merchants, and not to others?—I have not heard of it. In what way is there a preference? I can never understand that. I have read the evidence given by Mr. Miller and Mr. Holt. They made some statements, and I cannot understand exactly what they are driving at.

13315. Are lower freights accorded to some merchants than are accorded to others?—I have not heard anything about it. I know there was a good deal said about some cement and coal, and I am inclined to think that lower rates of freight might have been given to somebody or other, but I cannot say that I have proofs within my own knowledge.

13316. Are regular sailings in your opinion of great benefit?—Very.

13317. Why?—You can rely on the boat and make your arrangements accordingly. You can rely on having the stuff in, or on its being shipped by a certain steamer; and the same thing in Africa.

13318. Do you think regular sailings would not take place if there were no Conference and no rebate system?—If there is a line of steamers running, very likely there would be regular sailings, but they would not be as regular as the Conference Lines.

13319. Do you think that under this system freights are more stable than they would be otherwise?—Yes, they are.

13320. But it is, of course, in the power of the Rings to increase the freights if they choose?—Yes. As I say in my *précis*, I approve the system so long as it is not abused. In paragraph 6 I say, "From my experience, I should say that the rebate system has not "worked to the disadvantage of traders, and, speaking "generally, I approve of it, so long as the system is "not abused."

13321. What do you mean by that, "so long as the "system is not abused," if I may ask you?—Perhaps, the word "system" is not right. I mean that the rebate gives a certain power to the shipowners, and if they do not abuse that power I am satisfied with it.

13322. Abuse it in what way?—Supposing there comes a time when they have a certain amount of primage in their hands belonging to the shippers, and they put their rates up 10*s.* a ton without any reason for it, I should call that an abuse; or if they give preferential treatment to another trader. They do not abuse it——(*Mr. Hutton.*) If they charge reasonable rates, practically speaking.

13323. Not excessive rates?—Not excessive rates.

13324. Not excessive, but equal rates?—Yes.

13325. But you think they ought to be obliged to give reasonable notice before they raise the rates?—(*Mr. Zochonis.*) I think they ought to be.

13326. And you think there would be nothing improper or unjust in imposing that obligation upon the shipowners?—No, I should not; in fact, I think it would be a very good thing if they did have that obligation imposed upon them.

13327. I suppose the shipowners, looking at it from a practical point of view, have really something like a monopoly?—They have.

13328. And, of course, every monopoly may be, as you have pointed out, abused?—Yes.

13329. Do you approve of the suggestion I have just made, that freights should not be altered without reasonable notice being given?—I quite approve of it.

13330. You know these rebates are retained for a certain term?—Yes.

13331. What is the period of the trade?—Taking it on an average, nine months.

13332. (*Professor Gonner.*) The account is made up at the end of every six months, is it not?—Yes, and it is paid six months after.

13333. (*Chairman.*) But you say the average is nine months?—Yes.

13334. In the first place you agree, as you have said before, that the shipowners ought not to be allowed to change the rates without giving reasonable notice?—I do.

13335. Do you think they ought to be allowed to raise the rates during that period of nine months without the sanction of some authority?—No, I do not think that will be fair.

13336. So you rather agree with the suggestion that during the period of nine months they should not be allowed to raise the rates without the sanction of some authority?—Without some sufficient and apparent reason.

13337. Without some sufficient cause?—Yes. For instance, supposing coal is going up seriously, or anything like that.

13338. Do you think it would be unjust to require them to obtain the sanction of some impartial authority before they could, during that period of nine months, raise the rates? I mean, supposing there was an authority composed, say, of the shipowners, of the Government, and of the shippers, a committee, say,

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of six members, do you think it would be advisable to enact that the shipowners should not be entitled to raise freights during the nine months without the sanction of such a committee?—As a shipper I should be very glad to see it done.

13339. I ask you, do you think there would be anything wrong, or inequitable, or unjust in that?—I do not think so.

13340. It would be a means of preventing that abuse which you say may attach to any monopoly?—Yes.

13341. You agree with me, do you not, that if those two suggestions which I have made were adopted, it would not in the least interfere with the benefits which are conferred by the existence of these Conference Rings?—I do.

13342. I mean, those suggestions are quite consistent with the real object and purpose of these Rings?—Yes.

13343. (*Sir Alfred Bateman.*) One question, Mr. Hutton, upon your paragraph 6, which is as to freight on cotton; how did you arrive at that $\frac{1}{4}d.$ per lb. as the freight on cotton from West Africa?—(*Mr. Hutton.*) We went into the question what the freights were from America, and as far as we could find out, this is rather more than what is charged from America; but we took into consideration the fact that the conditions of shipping are very different in West Africa to what they are in America. There are no proper facilities, for instance, for loading and unloading there, and we thought, as the price of cotton was high, that it was a rate which the cotton could well stand, and that it was not an unreasonable rate to pay.

13344. What was the price of cotton at the time you fixed that rate?—I should think somewhere in the sixpences—sixpence or more, I fancy.

13345. Then you took something like 5 per cent. *ad valorem*?—It was really, you may say, arrived at more by guesswork as to what we thought might be fair.

13346. For some two or three years your cotton was carried for nothing by Elder, Dempster & Co., was it not?—I think that only went on for about 18 months. It was the first 1,000 tons that was carried free.

13347. In arriving at that rate of $\frac{1}{4}d.$ your minds were influenced by the rate from America, and you considered the rate from America?—Yes.

13348. Now, Mr. Zochonis, are you concerned in shipping goods from this country to West Africa?—(*Mr. Zochonis.*) Yes.

13349. Do you consider that the rates which you pay to West Africa are moderate?—I should like them to be less, but I do not think they are excessive.

13350. Do you have a classification given you of the rates that you have to pay?—Yes.

13351. Is that open to anybody to see?—Yes, I have got it here.

13352. If I wanted to ship goods to West Africa tomorrow, could I get a copy of the classification?—Certainly you can have it from Messrs. Elder, Dempster & Co., who would supply it to you as they supply it to every shipper.

13353. So that it would not be open to them to charge me a higher price than they charge you?—No.

13354. Of course they could not do so if the rates are known?—No, they would not.

13355. Is it the same with the homeward freights?—It is.

13356. There is a list copy of those rates?—Yes, there is.

13357. And the alterations would be marked in from month to month?—When there are any alterations they send a circular round informing all the shippers.

13358. (*Mr. Taylor.*) You say that the rates to West Africa are reasonable, all things considered?—Yes.

13359. Is there any independent chartering to West Africa?—At present, no; but there has been in years gone by.

13360. Then on what do you base your opinion that the rates are reasonable?—I have chartered steamers in years gone by for our own business, and I am chartering sailing vessels now from America. So I know what the rates of freight are.

13361. For general cargo?—Yes.

13362. And you take that as an indication?—Yes. Some are more and some are less, but taking it all round, with the regular service and the fact that I can ship my stuff every week, instead of having to load a steamer, I think, although I have to pay a little more, the facilities are more than I should get if I chartered.

13363. (*Profesor Gonner.*) Might I ask Mr. Hutton what you mean when you say that Sir Alfred Jones has always been very reasonable when "approached in a "proper manner;" what is the proper manner?—(*Mr. Hutton.*) I have only approached two shipowners in my life; one was Mr. Richard Holt in Liverpool, and the other Sir Alfred Jones.* I have found that if you go and talk to them in a reasonable way, and point out to them that a rate is injuring the trade, they are very ready to listen to you. But if you go to them with a battle-axe or a pistol in your hand, they will practically show you the door.

13364. In other words, you mean that they have the key of the situation?—Undoubtedly.

13365. They are monopolists, and you must approach them as suppliants?—You must approach them as such.

13366. You are not on equal terms, you agree?—We are not.

13367. Even the British Cotton Growing Association is not?—No; I think Sir Alfred Jones has a very great respect for the Association.

13368. You may say so, because he is connected with it?—I do not think he would dare to do anything that would be likely to arouse any antagonism there.

13369. You say in your paragraph 7 "We have "always"—that means the British Cotton Growing Association?—Yes.

13370. "We have always found him perfectly reasonable, when he has been approached in a proper "manner"; there, of course, you refer to the association?—Undoubtedly.

13371. So they have had to recognise that he is the master of the situation?—I do not think the British Cotton Growing Association does recognise that he is the master of the situation. We consider that we can dictate to him.

13372. That you are also masters?—We have got Lancashire at our back, and he would not dare to do anything that would put Lancashire's back up.

13373. He might find it inconvenient; and you feel you have some strength to go upon?—Undoubtedly.

13374. Have you seen Sir Walter Egerton's evidence?—No, I have not, but I have seen a summary of the same.

13375. He thinks that the $\frac{1}{4}d.$ per lb. is rather a high rate for cotton?—I should like to point out to Sir Walter Egerton, if he were here, that $\frac{1}{4}d.$ per lb. is what his railway is charging.

13376. The railway, perhaps he might say, represents the country; the shipping company does not represent the country, does it?—As a matter of fact, we generally try to fix the rate the same as the railway rates, so that if we went to Sir Alfred Jones and succeeded in getting $\frac{1}{16}d.$ per lb. off, we could equally go to Sir Walter Egerton and get another $\frac{1}{16}d.$ per lb. off the railway charge.

13377. I have no doubt that is a very clever attitude to adopt, but I take it that you recognise there is a difference between a Government railway, which may be said to represent the country, and a shipping company, which is, of course, an independent profit-earning concern?—Except this, that I think Sir Alfred Jones is sufficient of a philanthropist, and in respect to everything he puts his hand to, I think he has as much an eye for what is good for West Africa as for what is good for his own pocket. He realises that in the long run his interests and the interests of West African trade are identical.

13378. It would be better, surely, in a purely trading matter, if you on the side of the trader were able to take a position equal to the position which the shipowners take?—There are many things to be considered. If you revert to chartering, then the big trader is in an equal position, but I think generally it is better for everybody that you should have regular services.

* The witness subsequently wrote as follows:—This answer is not quite correct. I also approached Mr. Owen Philipps with reference to the rate for carrying cotton from the West Indies, and was treated in a most reasonable manner.—J. A. W.

13379. You could hardly charter with your tonnage, surely?—I think we shall be able to do so, but I hope we shall not need to do so.

13380. You could charter at present with your amount of tonnage, could you not?—No, not at the moment.

13381. Do I understand you aright that the free carriage of cotton really only extended over 1000 tons? —That was all.

13382. It only really touched a very early stage of the development of your association?—Yes. I may say that the association itself had very little benefit from it, because most of the early cotton was brought home by the merchants.

13383. It did not really affect the association, then?— No.

13384. May I ask, Mr. Zochonis, what is the meaning of your paragraph 9? You have suggested there, I think, that the rebate should not be deferred, have you not?—(*Mr. Zochonis.*) That was a suggestion made with the object of preventing the shipowners from abusing the power that the rebate gives them. But the suggestion made just now by the Chairman that the shipowners should not alter the rates of freight during the continuance of this agreement without due notice and consultation will meet the difficulty. I think if the rebate was paid at the end of the six months when the amounts are made up, there would not be as much danger of abuse on the part of the shipowners. As it is they always hold part of the shippers money in hand and they may at some time take advantage of this fact and increase the rates unreasonably, which they would not care to do with a six months' agreement.

13385. You know, of course, that in a rebate system stress is laid on the word "deferred;" but you suggest that the accounts should be made up at the end of six months, and the rebate should be paid immediately?— I consider that the rebate is due practically when I am shipping the stuff. I am paying the 10 per cent., and he gives me this rebate six or nine months after.

13386. Still, if you were dealing with any other large business, and you had a six months' account and you got a discount on that six months' account, if the discount were paid at once you would be in a different position from the position you would be in if the discount were held in hand?—Yes, that would be so.

13387. You suggest that it should not be held in hand after the accounts are made up?—Yes.

13388. That is, that the rebate should really be not a deferred rebate in the sense in which we hear of deferred rebates?—That is so.

13389. You do not like its being held over during a period?—No, because every six months I can wipe it out, and finish up with the shipowner.

13390. You can wipe it all out, and you would not be then affected by any penalty if after the six months you went away?—That is so.

13391. You would like a time at which you would be entirely free from the fear of incurring any penalty?— Yes. I consider that would be one of the best things that could happen. On the other hand, you will protect the small shipper, because if the larger shipper wants to charter he cannot charter for all his goods, and although he may have an advantage on a certain class of goods, for the other things he will be at a great disadvantage with the small shipper, because the small shipper will get his rebates while the large shipper will not.

13392. You would like a moment to occur from time to time when you would be perfectly free from any fear of being penalised by losing the rebate?—Yes.

13393. You would be free, and you could charter, or do what you like?—Yes.

13394. And you would not lose anything by chartering at that time?—It would put a limit to the agreement.

13395. Do you think the shipowners would approve that position?—I do not think they would like it, nevertheless I think it is about the safest thing they could do, and I think they might do it.

13396. I am bound to say that I do not think the view we have heard expressed shows that shipowners would like it at all. When you spoke of the rebate system not being abused, I understood you to suggest to the Chairman certain acts which you would call abuses?—Yes.

13397. For instance, not giving notice of alterations? —Yes. I think that is not fair; they ought to give notice.

13398. Do you think in the West African trade that the charges on transhipment for Continental ports constitute a disadvantage? For instance, if you are exporting to France from West Africa, if you may not take advantage of a French steamer and must send your goods to Liverpool to be transhipped there, do you not think that is rather a hardship?—I have never done so; I have always shipped direct to Marseilles.

13399. And you have not had your rebate interfered with?—No.

13400. You are aware that you are subject to penalties, are you not?—I think that point has not been stated explicitly enough; at any rate, I have taken the risk.

13401. That is to say, you have defied the working of the rebate circular?—If they included Marseilles in their rebate circular it is most unreasonable, and I know they could never support it. I am quite prepared to take the risk again.

13402. You know there is a difference between the circular which is signed by Woermanns and the circular which is signed by the British & African Co.?—Yes.

13403. Woermanns allow you to ship west of Havre? —Yes.

13404. But the British & African do not?—I have taken no notice of that. I know what they meant.

13405. Can you account for the difference at all?— No, except that I think it was really an oversight of the clerks.

13406. Still it might have been rectified?—Yes, and it ought to be.

13407. There has been plenty of time to rectify it; it is an old circular?—Elder, Dempster & Co. know that I ship to Marseilles whenever there is an opportunity and I have a cargo to ship there.

13408. You disregard the words of the rebate circular? —I do.

13409. Are you at all consulted when there are alterations in freight?—No, I am not.

13410. You think that the alterations in freight are sometimes arbitrary, do you not?—There has only been one alteration in the freight since the rebate system came into force, and that was at the start of the South African war, when coal went up very much.

13411. Has it come down since?—No, it has not, I am sorry to say.

13412. But the price of coal itself did come down?— It did come down, but it went up again they say. I have been after them myself about that several times; but that is one of the things where there might be an improvement.

13413. You were never able to produce any effect by your remonstrances, were you?—I have not been able to do so.

13414. Did you approach Sir Alfred Jones in an "improper" manner?—No, I do not think I did, but he gave me several reasons for the rate.

13415. Whatever the reasons were, the fact remains that the rates had gone up, and they did not come down during the interval?—That is so.

13416. Have you read the evidence we had from West Africa?—I have read Mr. Holt's.

13417. Did you read Mr. Batty's?—I think I did.

13418. Do you not think there are instances of what one might call erratic relations between freights?—I must say that—not of every rate, but they are erratic. That is one of the points.

13419. Do you approve of the shipowner carrying goods on ships' account?—I have heard of coal being carried on ships' account.

13420. Have you heard of cement being carried on ships' account?—I have heard of cement, too, but I do not know about it. I know that cement was sold to all the merchants at the same price as they were alleged to be selling it themselves direct to consumer.

13421. Did you know that there had been a tender for Government contracts on the part of the shipping companies in the case of the cement?—I have heard of it, but I have no proofs of it.

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13422. Do you approve of a shipowner being entitled to do that?—I do not; I do not want the shipowner to be a trader.

13423. Any more than you want the trader to be a shipowner, I suppose?—That is so.

13424. In your view, there are certain very obvious opportunities for abuse in a rebate system, unless it be regulated as the Chairman has suggested to you?—It can be abused, certainly.

13425. You think even in your trade there has been evidence of some degree of the abuse?—I should not say there has been any serious matter.

13426. It has not been satisfactory to you altogether?—It has only been in a small matter, and it is not considered to be of any great importance; still we should like even those abuses to be rectified, if possible.

13427. You think there should not be erratic rates?—I do.

13428. You think there should not be arbitrary alterations? You think there should not be trading on behalf of the shipowner, and you think that the rates should not be excessive?—I do.

13429. You have had instances in your business experience in which your sense of what is desirable has been infringed in these respects?—I can say "Yes" to that, I think.

13430. And you desire that these things should be rectified?—Yes.

13431. (*Mr. Maddison.*) You told us, Mr. Hutton, that the rate of $\frac{1}{4}d.$ per lb. was practically fixed by the African Committee of your Association?—(*Mr. Hutton.*) Yes.

13432. What do you mean by "practically"?—We decided what we thought was a fair rate, and we told Sir Alfred Jones.

13433. I would like to ask you whether your association, which we all know to be an influential association—about that there is no question—really feel free to get the very best rates they can, or whether they are under an obligation to Sir Alfred Jones?—We are perfectly free.

13434. That is to say, if you could get a less rate than this with similar conditions you would take it?—I should put it this way: that if the price of cotton were to fall, so that it would become a question whether we could afford to pay to the native the same price, we should then have to approach Sir Alfred Jones with a view to a reduction of the rates.

13435. Supposing he refused to give you a reduction of rates?—I think we could bring sufficient pressure to bear on him to make him give us a reduction.

13436. We will imagine that you cannot; then what would you do?—I do not know; I think we must wait till the occasion arises. Unless I am absolutely mistaken about Sir Alfred Jones, my impression is that he would be perfectly willing to meet us if we could prove to him that if he does not reduce the rate we should have to reduce the price paid to the natives.

13437. You would have in the last resort to depend on the philanthropy of Sir Alfred Jones?—If you like to put it in that way.

13438. Lancashire does not generally depend on philanthropists, does it?—Not a bit.

13439. You are rather an exception in that?—I hope not.

13440. (*Chairman.*) I suppose you will agree with me that it ought not to depend on the benevolent disposition of any individual?—No, we ought not to depend on that. I might point out in connection with the freight on cotton, that I do not think we could charter to-day to carry from West Africa any cheaper or much cheaper than the $\frac{1}{4}d.$ per lb. It is a very bulky article.

13441. (*Sir Hugh Bell.*) What does it measure per ton?—It is about 80 cubic feet to the ton.

(*Mr. Zochonis.*) I think it is cheaper than we could charter; we could not charter to-day at the same rate.

13442. (*Mr. Maddison.*) Have you ascertained that?—(*Mr. Hutton.*) I am taking Mr. Zochonis' statement for it. (*Mr. Zochonis.*) I can say that.

13443. I rather want to get this from you, Mr. Hutton. I fancy that, as a matter of fact, you did not take any steps to ascertain whether this rate could be fairly reduced—you said something about making a sort of guess at it?—(*Mr. Hutton.*) I can explain at once how we arrived at it. We are paying the natives 1*d.* per lb. on the seed; roughly speaking, it takes $3\frac{3}{4}$ lbs. of seed cotton to make a pound of lint—that is $3\frac{3}{4}d.$ Then it costs us about $\frac{3}{4}d.$ per lb. to gin; that brings it to $4\frac{1}{2}d.$ Then we have to pay freight on the railway and our buying and other expenses making the cost about $5\frac{1}{4}$d. On the whole we considered that a rate of a $\frac{1}{4}d.$ per lb. to Sir Alfred Jones would leave us with a sufficiently fair margin for working.

13444. Supposing you had offered him a less rate, do you think he would have taken it?—I do not know, really.

13445. A smaller rate would, I suppose, have been a test of his philanthrophy? I will not trouble you any more, Mr. Hutton. Just one question, Mr. Zochonis: In your paragraph 8, you say that this Conference is in the interest of the natives, because it preserves or maintains or protects the small trader?—(*Mr. Zochonis.*) Yes. Not the producer but the trader in Africa.

13446. You say "It is essential to the interests of the natives of our West African Colonies, that the competition in prices, brought about by the existence of the small trader, should be preserved as far as possible?—Yes, I do.

13447. This Conference, then, protects the small man?—It does.

13448. And the small man generally does better for the natives than the large one, is that it?—No; but if the small man disappears, then of course the large man will have it all his own way, and he will be able to create a monopoly which he has not got now.

13449. That is assuming there is only one large man; but supposing there were a number of large firms in active competition, can the native get any better result?—I can give you an instance of two or three large firms which are not combined, but they have a working agreement, and they work like one firm.

13450. And they do not take the small man in with them, at all?—They do not.

13451. I think you had an experience of West African trade before there was a Conference?—Yes, I had.

13452. What happened to the small man then?—The small man was there, I think.

13453. Was he there in as great a proportion as he is now?—No, and he was not as well off as he is to-day.

13454. Were there sufficient small men to make competition with the larger men?—They have increased considerably now.

13455. Was there an effective competition then?—It was not effective. There was competition, but not so much as there is now.

13456. Is it not the fact that the large man now gets the advantage, even under the Conference system?—No.

13457. It is not in your experience that he gets lower rates for shipping a larger amount of cargo?—No. I am shipping a pretty large amount of cargo myself, and I have never had any advantage. I think if any advantage was given to anybody else it would have been given to our firm as well.

13458. I think it has been stated in evidence that there has been an advantage given, and that there has been preference shown to certain large shippers?—I should like to know the name.

13459. It is an interesting point?—Yes, it is.

13460. I am quite sure you will be interested in it?—It is an interesting point to me.

13461. What about the regular sailings before there was a Conference?—Before there was a Conference there were always two regular lines of steamers. We call it a Conference, but there were regular liners before. The rebate system only came about six or seven years ago, but before that we had several attempts made by outsiders to get into the trade. We have had goods carried from Africa at 6*s.* a ton when you could not charter a tramp for 20*s.*

13462. What about regularity, then?—It was very irregular.

13463. And you could not get your stuff away?—Very often we could not.

13464. Were there serious delays?—Yes.

13465. In reply to Professor Gonner, you made it clear that you would like a period in each year when you are absolutely free from deferred rebates?—Yes.

13466. Supposing it was determined to continue the deferred rebate system, but to legalise certain precautions and safeguards, you would suggest that that should be one of them?—If you saw something else that could ensure the same purpose, I should have no objection.

13467. That is to say, you really think, much as you support the deferred rebate system, that there ought to be a period in each year when you are absolutely free from any money being held by them?—I do, unless there is something like what the Chairman has suggested, namely that no change should take place in the rates without some authority or without consultation.

13468. You would take some such suggestion as the Chairman's (which I did not quite follow) in substitution?—I think that would meet the difficulty just as well.

13469. But you think one or the other ought to be brought about?—I think so.

13470. (*Mr. Barry.*) When some four years ago, Mr. Hutton, the rate of freight on cotton was fixed at ¼*d.* per lb., you had in mind, I think you said, the rates of freights then prevailing in America?—(*Mr. Hutton.*) Yes; we ascertained what the rates were.

13471. Your opinion was, to a great extent, based upon the fact of the rates from America?—Yes.

13472. Within the last four years there has been a considerable variation of freights from, say, Galveston and New Orleans?—I suppose they would vary in the usual way that some rates do vary.

13473. As a matter of fact, freights have been a good deal lower at periods within the last four years from America; is not that so?—Yes.

13474. During the time when freights were lower from America, you would be at some disadvantage in West Africa, would you not?—No, so long as we had sufficient margin to pay the native the price that we agreed on with the Government, we did not trouble about any variations in the freights.

13475. But in a competitive sense you would be at some disadvantage, would you not?—If it came to be a question of West Africa and America competing together, and one would have to make room for the other, it undoubtedly would tell; but we have not reached a price where that condition comes into effect.

13476. Do you happen to know what the freights are to-day from Galveston, say?—I have not the least idea.*

13477. You mentioned, Mr. Zochonis, a few minutes ago that you had a classification?—(*Mr. Zochonis.*) Yes.

13478. Does that classification that you speak of apply to Manchester goods only, or is it a general classification?—It is a general classification.

13479. And does not apply to Manchester goods only?—No.

13480. I gather that you are in favour of the rebate system, generally speaking, so long as the system is not abused?—Yes. So long as the power which the system gives them is not abused.

13,481. There is nothing standing between the shipowner and the trader at present?—No, there is not.

13482. So the trader is absolutely dependent upon the will and the opinion of the Conference steamship owners?—Not exactly, because the shipper, after all, may sacrifice his primage of £2,000 or £3,000. I pay about £4,500 per year in primage, and if at any time they put the rates up to a price that I think is exorbitant, I should say, "It is only a few thousand pounds, and I "will sacrifice it." The shipowners have to consider that, because there are lots of what I may call flourishing houses in West Africa who, if they were treated very badly, would be prepared to sacrifice, say £2,000.

13483. But they have no remedy at present, unless they are prepared to face some such sacrifice?—They have not; but the steamship company, knowing that these people would make the sacrifice, will not try to impose upon us.

13484. I gather from your reply to the Chairman that, speaking as a shipper, you would hail with much satisfaction the creation of some authority which would prevent the arbitrary raising of rates, during the period of the retention of the rebates?—Yes.

13485. Some authority such as the Chairman outlined, consisting of steamship owners, of shippers, and of the Government?—Yes.

13486. You think the creation of such an authority as that would give satisfaction to the trading community?—Yes. I do not see how shipowners can object to it either.

13487. Do you recognise that there is a strong feeling of dissatisfaction with the present position amongst traders?—I do not. I am speaking of the West African trade, of course.

13488. Certainly?—I know of two or three firms that have objections.

13489. There is one slight inconsistency, if you will allow me to say so, in your evidence?—I will be very glad if you will point it out to me.

13490. Whilst you are in favour of a monopoly in shipping under certain conditions, you are emphatically opposed to any monopoly in ordinary trading, and you wish for the continued existence of the small trader?—Yes, I do.

13491. You wish for the fullest and most complete competition in ordinary trading?—Yes.

13492. That is the difficulty I find myself in when trying to reconcile your position, because, in regard to the shipowner, you prefer the existing monopoly?—I think I have explained that sufficiently. I prefer it because it gives us regular sailings, stability of freight, and a better service than we could otherwise have. I object to monopolies in trade, for the reason that the big man gets bigger, and then can squeeze anybody out of it; and the small man gets smaller. In shipping, the big traders can defy the companies, if they want to be unreasonable in their charges.

13493. With regard to the question of the regularity of sailing, you will remember from your long experience of it, the state of affairs existing before the establishment of the Conference?—Yes.

13494. Were there any serious complaints about irregularity of sailings then?—I will tell you one thing—we have had cargo waiting for two or three weeks without a ship calling in several parts of West Africa—at Sierra Leone and Sherbro, in the French Colony, and in other parts. I know we have had very serious complaints in years gone by, which we have not got now. At present we have serious complaints at Lagos; there it is bad always, and it is bad now. But there has been a great improvement since the Conference in all the ports, and there is a better state of things. Now we can get to Sierra Leone in 11 days, and before it took 17 or 18 days to manage.

13495. Are the freights higher to-day than they were before the existence of the Conference?—The rates varied considerably before from 30*s.* to 45*s.* for cotton goods, and from 20*s.* to 25*s.* for rough stuff. During the 10 years previous to the Conference, there were two or three attempts made by outside companies to come into the trade, and there was a fight, and of course rates went down considerably. As soon as those outside companies were beaten and driven out, the rates jumped up again to about 40*s.* for cotton goods, and 20*s.* for salt, and 25*s.* for other rough material. The rates are about the same now, in fact I think they are about 4*s.* or 5*s.* more.

13496. (*Chairman.*) You have not quite answered the question. The question was, whether the freights are now higher or lower than they were before the Conference system was established?—They are a little higher now than they were, but before they varied very much. We have had them as high before now, and we have had them lower.

13497. (*Mr. Barry.*) Taking the average freights which existed before the Conference came into existence, were the average freights lower than they are now?—They were about the same during the time when there was not a fight. They are much the same to-day as they were

* The witness subsequently wrote as follows:—I have since ascertained that the average freight to-day for cotton from New Orleans and Galveston to Liverpool is 38 cents per 100 lbs. weight, which is equal to about $\frac{7}{16}$*d.* per lb. Taking into consideration the fact of transhipment from Forcados to Lagos and the absence of proper loading and unloading facilities, I think the rate of ¼*d.* per lb. from Lagos to Liverpool is not unreasonable.—J. A. W.

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20 years ago. (*Mr. Hutton.*) Yes, they are much the same to-day as they were 20 years ago.

13498. In open competition there would be always a fighting period?—(*Mr. Zochonis.*) Yes, I suppose there would be.

13499. And consequently, in other words, a presumption that freights would be lower?—For a time. (*Mr. Hutton.*) I do not think you can have effective competition in West Africa with the present facilities for landing, because you have to keep a large staff of small steamers out on the coast for transhipment, and the climate is very bad. The expense of keeping up those steamers is beyond what any ordinary person going in to compete would care to start with straightaway. That would be the great difficulty.

13500. (*Chairman.*) You could not go to the tramp and get the same service?—It would be quite impossible. The General Steam Navigation Co. came in about 15 years ago, and it was that that beat them; they could not carry on the local transhipment.

13501. (*Sir John Macdonell.*) Mr. Zochonis, as I understand, you are in favour of certain modifications in the rebate system in order to prevent abuses?—(*Mr. Zochonis.*) Yes.

13502. You are, I see, a director of the Manchester Chamber, and also chairman of the African Section?—Yes.

13503. Are you aware whether the opinion which you have expressed here to-day is shared by the African Section?—It is, unanimously. This question was discussed at the meeting of the African Section; I told them what I intended to say, and they quite approved of it.

13504. Are the proposals which you have stated to the Chairman and other Commissioners to-day with respect to the modifications of the rebate system, proposals which were discussed at, and approved by, the African Section?—Not the proposals made by the Chairman.

13505. Were the proposals put to you, and as I understand approved by you, discussed at and approved by, the African Section?—My evidence, yes, but the proposals made by the Chairman were not approved by the section.

13506. (*Chairman.*) They were not considered?—No.

13507. (*Sir John Macdonell.*) Those suggestions were not?—No, they were not.

13508. They are your own suggestions?—No, they are the Chairman's suggestions, of which I quite approve.

13509. I may now say they are your suggestions?—Yes, they are my suggestions.

13510. Have, so far as you know, similar suggestions been made by the members of this Section?—No, they have not.

13511. They are entirely your own ideas?—Yes; but I feel certain that they would approve of them. (*Mr. Hutton.*) I think there is no doubt about it.

13512. You think, Mr. Hutton, substantially the same as Mr. Zochonis with respect to these modifications?—Yes. I was the chairman before Mr. Zochonis—he kindly came in and helped me when the work got too much, and I can state equally with Mr. Zochonis that I feel quite sure that all he has said to-day which is not contained in his *précis* would meet with the approval of the Committee if it were put before them.

13513. May I go so far as to say that the general feeling in the section is that the rebate system minus these modifications are defective?—I should rather like to put it in this way—that we have no love for the rebate system at all; we do not care about it, and we do not like it, but if it is the only means of getting regular sailings, then, so long as it is not abused, we consider that regular sailings are of even more importance, as Mr. Zochonis has said, than low rates of freight.

13514. That is interesting, but it is not quite an answer to my question?—I am sorry that I did not follow you.

13515. My question is this—whether your opinion is that the modifications which have been suggested by Mr. Zochonis and approved by you, would be generally approved of by the members of the African Section of the Manchester Chamber?—I have not the least doubt about it. There is just one point, if I might mention it; it struck me, after the allusion that was made to Sir Walter Egerton. I remember that in his evidence he made the statement that he thought the man who had the larger cargoes ought to get a benefit. I should like to say, on behalf of the Manchester Chamber of Commerce, that we consider such an arrangement would be most unfair, because it would tend to strengthen even still more the position of the big man as compared with the position of the little man.

13516. I was just going to put to Mr. Zochonis a question with respect to that point, and I am very much obliged to Mr. Hutton for suggesting it. You think it a good feature of the present scheme that it puts the small man on a footing of equality with the large man?—(*Mr. Zochonis.*) I do.

13517. Do you think that it might be possible without the rebate system to place the small man on such a footing? Might I put to you this arrangement, which has been suggested by certain witnesses—that the small men should send their small consignments to an agent, and that he, with these various small consignments, should make up a large consignment, and so get for the collective number of small men as good terms as the individual large man can get?—I do not see how that can be possibly done.

13518. You think it could not be done?—No; it could not—it is impossible.

13519. There is at the present time a printed classification, I think?—Yes.

13520. Are there not defects in that classification?—Yes, there are.

13521. Is it not the case that articles of a very different kind and of very different values are charged under the same class?—This is supposed to be what is called a scientific tariff. I call it a rough and ready science, and I am not sure that there are not a good many things in it that might not be altered.

13522. May I take it that there is a considerable amount of dissatisfaction as to certain things?—I should not say there is a considerable amount of dissatisfaction, but it might be improved.

13523. (*Chairman.*) And ought to be improved?—And ought to be improved.

13524. (*Sir John Macdonell.*) Your association, Mr. Hutton, is intended to encourage cotton growing in the British Empire, I think?—(*Mr. Hutton.*) Yes.

13525. Does the association in fact draw its supply of cotton solely, or mainly, from West Africa?—No. As Mr. Owen Philipps knows, we have large interests in the West Indies, and also in East Africa. West Africa, East Africa, and the West Indies are our three principal sources.

13526. So that you are not entirely at the mercy of the West African Conference for your supplies?—As regards West African cotton we are.

13527. But not for the whole of your supplies?—No. I should say this, that in East Africa we are in a very much worse position than in West Africa, because there we have practically no service at all.

13528. Have you heard, Mr. Zochonis, of complaints of the rates that are charged to Lagos?—(*Mr. Zochonis.*) Yes.

13529. Complaints of their being excessive?—I have heard of the complaints.

13530. Have you read Mr. Holt's evidence?—Yes, I have.

13531. In your view are his statements about the excessiveness of the Lagos rates correct?—I think it is a bit exaggerated. Mr. Holt compares the rates that they have in Forcados and the Lower and Southern Nigeria with the rates in Lagos, and he puts the former as being the standard. I consider that is a very rough figure. The rate that they pay, for example, for goods to Forcados, Benin, and up the rivers there is about 21*s.* 6*d.*; he takes that price and he compares it with the Lagos rate, and he says that the Lagos rate is too much. I do not think that is fair. The service in Lagos is much more difficult than the service lower down in the other rivers. Taking the Lagos rates all round, I do not think they are excessive. We get salt into Lagos for 20*s.* per ton.

13532. I was just going to ask you about that article: Do you think the rate of 20*s.* per ton for salt is a reasonable rate?—I do not think you could charter it and deliver it cheaper if you tried. I know something about chartering, and I think you could not charter a vessel which would enable you to do it more cheaply. I think it is very reasonable.

13533. We have had evidence to the effect that salt has been carried at a much lower rate than 20*s.*?—It is carried to some ports just for ballast.

13534. I will not push the inquiry further than this—Do you tell me in your judgment the present rates to Lagos are entirely satisfactory?—They are not unreasonable; that is as I should put it. Taking all the difficulties in transhipment that I know of—and we are interested in Lagos ourselves—I do not think they are unreasonable.

Mr. J. A. Hutton and Mr. G. B. Zochonis.

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TWENTY-SECOND DAY.

Tuesday, December 10th, 1907.

PRESENT:

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

Lord INVERCLYDE.
The Hon. C. N. LAWRENCE.
Sir W. T. LEWIS, Bart., K.C.V.O.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
Professor E. C. K. GONNER.
Mr. W. H. MITCHELL.
Mr. OWEN PHILIPPS, M.P.
Mr. OSWALD SANDERSON.
Mr. AUSTIN TAYLOR, M.P.
Mr. I. H. MATHERS.
Mr. J. A. WEBSTER, *Secretary.*

Sir EDWARD MONTAGUE NELSON, K.C.M.G., called and examined.

13535. (*Chairman.*) You are Chairman of the Colonial Consignment and Distributing Co., Ltd., London; of Nelson Brothers, Ltd., New Zealand; of the Australian Chilling and Freezing Co., Ltd., Aberdeen, New South Wales; and of the Central Queensland Meat Export Co., Ltd., Rockhampton, Queensland?—Yes, I am. I gave that list as indicating the nature of my business.

13536. You have been greatly interested, as we all know, in the Australasian frozen meat trade?—Yes.

13537. In your proof you state that for the last few years you have been a director of a shipping company trading with Australia and New Zealand; what is the name of that company?—I am a director of the Tyser Line.

13538. As regards your particular trade, of course, the carriage of frozen meat requires great care?—Yes; it requires special arrangements on the ship.

13539. And peculiar machinery?—Yes.

13540. That is to be found only, I suppose, in steamers belonging to the Conference Lines; I mean, tramps have not got this machinery, have they?—They may have it.

13541. But have they?—There have been known cases of tramps with refrigerating machinery on board; at least, I believe so. I do not know that I can name one for the moment, but years ago there used to be some.

13542. You are perfectly satisfied with the system of deferred rebates, I gather?—Yes, I think I am—not that it affects me very much, because in the homeward trade from Australasia we have not that system. I believe it is only in the outward trade that deferred rebates exist, and my interest is much smaller in the outward trade than it is in the homeward trade from Australasia.

13543. As regards the outward trade, what goods do you export?—I export all the goods that are necessary for carrying on the freezing works out there. There is a very large amount of wrappers, for instance, that is calico stuff that the sheep are wrapped up in, which are sent from Manchester. Then we also export tin plates and a little general merchandise. The Consignment Co. takes consignments of anything they can get, and executes any orders from anybody. But we are not exactly merchants, as we do not send out things to sell ourselves; what we send out we send for other people out there—either to the freezing companies, or to other people who require anything.

13544. Do you receive orders here from persons abroad?—Yes, to a limited extent, from New Zealand.

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13545. As regards the export of those goods, do you employ the Conference Lines?—Yes; but in shipping outwards we should ship by any line which was running most convenient at the time.

13546. Do you ever ship by tramps?—No, we do not.

13547. Have the freights from here to Australasia risen much or fallen much during the last ten years?—I should say they have been up and down in the ten years. Of course, during the drought there was a very bad time, and the drought has only been over about two or three years. The export trade to Australia fell off very considerably during the years of drought, when people out there had no money to spend in buying things, and were all losing money. Trade has revived since the drought has passed away. I have not the details of the rates, but I have no doubt better rates are got now than were given in the very bad times.

13548. Is the rate of freight a material element in the outward trade?—Perhaps not in my particular business.

13549. So it does not matter to you very much whether the freight is low or high?—I do not know that it does, though it matters to the people on the other side, who pay it. There does not appear to be any danger of abnormally high freights; there are too many ships for that.

13550. Do not those ships belong to the same Conference Lines?—Yes, but there is a great number of them, and so they cannot put up rates unduly; it would not be their interest to do so. Their interest, as I understand the Conference work, is to keep rates fairly steady.

13551. Is the export trade, generally, to Australasia very extensive?—I should think it is very considerable. I cannot say that I could give you the details of the trade, but there must be a pretty large trade to Australia and New Zealand.

13552. If the Conference Lines raised the freights excessively, do you think it would be possible for the merchants who export to combine and to resist them?—I do certainly. They could very quickly introduce new ships that were not in the Conference.

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13553. So that you think if the rebate system were abused, that abuse could be checked by a combination of traders?—That is my feeling. I think I have said in my proof that both importers and exporters are quite able to take care of themselves.

13554. (*Lord Inverclyde.*) In regard to your frozen meat trade homewards, do you contract with a Conference Line for a certain amount of refrigerating space?—No, I do not.

13555. Is it not the custom in the Australian trade to undertake to take up a certain amount of space?—It was the custom in the Australian trade, and it proved exceedingly ruinous.

13556. To which party?—Not to the shipowner, but to the contractor. I myself have never contracted for a certain amount of space. All I have done is to contract for the output of any particular freezing works, whatever that may be. It is impossible to govern the output, as the conditions of trade do not admit of your saying with any degree of certainty what you are going to turn out during the coming twelve months. It depends on the number of sheep, on the condition of the sheep, on the weather, and on so many other things which are utterly beyond anyone's control, that the only thing you can contract for is the output, whatever it may be; and you may estimate what that output will be.

13557. Do the shipowners reserve this refrigerating space and instal this refrigerating machinery at their own risk without any guarantee that it shall be occupied?—Yes, now they do.

13558. How many lines are there engaged in the refrigerating business with Australasia?—There are seven or eight, I believe. The P. & O. have refrigerating steamers, so have the Orient, Shaw Savill, the New Zealand Shipping Co., the Tyser Line, Lund's, and Thompson's.

13559. Have they all refrigerators?—Nearly all have refrigerating steamers now. There is a great deal more refrigerating space in the steamers than can possibly be filled, so the supply is ample. Of course, in the early days of the trade it was not so, but now it is so.

13560. Therefore, the shipowners compete so much amongst themselves that the supply is greater than the demand; is that it?—When I started in the trade, the first freight I paid was 2½*d.* per lb. for mutton from New Zealand to London, and now you get it for ¾*d.* per lb.; ¾*d.* is the current rate from New Zealand at the present time. It has not been quite so steady in Australia as it has been in New Zealand. The rate from Australia at the present time is 9/16th of a penny.

13561. You do not call that a high rate, do you?—No, I do not. I considered 2½*d.* a high rate when we had to pay it.

13562. What difference in the price of meat delivered in London does the freight make? Does it affect the price of the meat delivered in London?—It does not affect the selling price one atom.

13563. Then who pays the freight?—The freight, of course, has to come off the owner of the meat. All that the rate of freight affects is the buying price in New Zealand; and whatever reduction of freight is made goes into the pocket of the New Zealand sheep farmer.

13564. So it would make no difference to the purchaser in London what the freight was?—Not a bit. Prices in London are governed by conditions absolutely unconnected with Australia or New Zealand. It does not matter what the meat costs; it may cost 4*d.*, and you may have to sell it at 2*d.* The cost has nothing to do with the price in London, which is governed by other conditions—by the meat from the United States of America, perhaps, to a great extent.

13565. I gather from your proof that you would not approve of any Government interference which would regulate the rates of freight?—That is my feeling. I think my evidence might be summed up by saying this: I have been in business now for a good many years, and I say, "Let things alone."

13566. (*Sir John Macdonell.*) I think you said you are a director of the Tyser Line?—Yes, I am.

13567. Is that a member of the Conference?—Yes.

13568. You chiefly import goods, as I understand?—That is so—frozen meat.

13569. And in regard to the importation of goods, the rebate system does not apply?—That is so.

13570. The chief commodity which you import is frozen meat?—Yes.

13571. Do you import wool?—Yes.

13572. I suppose that the importation of wool has to be managed with a view to the sales of wool in London, where there are certain periodical sales of wool?—As far as it can be; but you cannot always fit in the ships with the time.

13573. In your importation of wool, which is not subject to the rebate system, do you find any difficulty in obtaining regular shipments for the wool?—No, we have no difficulty about it, but I should say that we are not very large wool importers.

13574. Still your experience is, that under this system, without any rebate so far as wool is concerned, you are able to obtain regular shipments of your wool?—Yes certainly.

13575. So far as your experience is concerned, in regard to the point of regularity of shipment, there is no great difference between the outward service and the homeward service, is there?—I do not quite gather the point.

13576. I am calling your attention to the fact that you have told me that in sending wool home you are able to obtain regular shipment of your wool?—Yes, I am.

13577. Is there any great difference in the regularity of the homeward service and of the outward service?—I should think not.

13578. So that, so far as your experience is concerned, the advantage claimed for the rebate system of giving exceptional regularity of service does not exist?—I might say that the service outwards to Australia is more regularly fixed than the homeward service.

13579. That is just the point I wanted to get cleared up, and, perhaps, you would explain the reason. But, first of all, as a matter of fact, is it more regular?—Certainly; and I say it is more regular because there are so many ships that they can arrange for one or other on the berth almost to sail on a fixed date, whereas in New Zealand, for instance, you never know when a ship is going to get away from the Colony. It goes up and down to the various ports, and may be delayed, so that you cannot calculate to a few days when it will sail.

13580. Please direct your attention to Australia, and not to New Zealand. Is there any great difference between the regularity of the homeward service without the rebate system, and that of the outward service with the rebate system?—I do not know that my experience would enable me to give a very decided answer to that question.

13581. You cannot say?—No. I do not think I know quite enough about it to give a decided opinion on that point.

13582. As regards the wool which you import, and as regards the frozen meat which you also import, do you make any contract with the Conference Lines with respect to your whole output?—No, I do not. We carry from New Zealand pretty nearly everything we can by the Tyser Line—naturally, as I am a director of that line; but from Australia we carry by any ship that is convenient.

13583. Do you enter into any agreement with the Tyser Line or any other member of the Conference that your whole output of wool or of mutton shall go by them?—Yes. We have a contract with the Tyser Line to ship our output in New Zealand. In Australia we have no contracts with anybody, except at one port.

13584. Dealing with New Zealand first, you have a contract with the Tyser Line?—Yes.

13585. And according to that contract you undertake to send by that line the whole of your output?—Yes.

13586. In consideration of your doing so, do you get any special terms?—I do not think that is a question that I feel justified in answering.

13587. You can tell me that you would rather not answer it, and then I will not press it, but I put the question to you. You quite clearly understand my question?—Yes, I quite understand your question.

13588. It is enough to tell me you would rather not answer?—It may not be quite so easy to answer as it appears.

13589. I am not suggesting that it is at all easy?—I mean to say, special terms might mean a reduction, a less price than other people pay.

13590. You clearly understand what my question is?—Yes, I think so.

13591. And you as clearly say you would rather not answer?—Yes.

13592. So far as the outward trade is concerned, the goods that you deal in, as I understand, are chiefly goods connected more or less with the frozen meat trade?—Yes.

13593. And you have comparatively little experience in regard to the exportation of goods generally?—Yes, I am not a merchant in the general sense of the term.

13594. Therefore, you cannot give us much information as to whether or not there is dissatisfaction either in this country or in Australia with respect to the rates for goods generally?—Except that I have conversed on the subject with men who are interested.

13595. I have before me an answer given by the Melbourne Chamber of Commerce, and I quote from it this: "That the Committee is of opinion that con-"siderable injury has been done to British trade with "the Australasian States by reason of the higher "freights demanded by the shipping lines as compared "with the freights obtainable from New York." You are not in a position to say whether that expression of opinion is well founded or not?—No; but I could express, generally, an opinion that both in Australia and in New Zealand it would be very difficult to satisfy anybody that freights were reasonable. Whatever they are, they ought to be lower from their point of view.

13596. You do not confine that observation to Australia, do you?—Australia and New Zealand, I am speaking of; I will apply it to both.

13597. I take it then that it is a universal opinion?—Yes.

13598. You were not very clear, I think, if I may be allowed to say so, in your answers to the question whether or not in recent years rates have fallen or risen. Take frozen meat?—I am very clear on that point.

13599. What is the answer as to that?—That they are down from 2½*d.* to ¾*d.*

13600. How long has the lower price prevailed?—I should think the present rate of freight has been in existence for about five or six years, or more, perhaps, but I really do not remember.

13601. Have there been any fluctuations during those five or six years?—There have been some very slight alterations, but I do not carry the details in my mind. There was a difficulty in New Zealand about summer and winter freight, that is to say, they had a slightly lower rate of freight in winter in order to encourage shipments at a time when they otherwise would not have been sent. I think, as far as I can remember, that there have been some very slight alterations in that way in regard to the months that the rates have been in operation, which you know would make a difference.

13602. Can you tell me whether, before any alterations are made, the shippers are consulted by the members of the Conference Lines?—I should think not.

13603. They are not, would you say?—I was never consulted when my freight was raised years ago.

13604. So far as you know the rates are raised without the shippers being in any way consulted?—They would not be consulted, and I do not suppose they would ever assent to it. But they have it put to them that the shipowners will not carry except at a certain rate, and they have to make up their minds whether they will pay it or not.

13605. That I am aware of, but the question I put to you is this—whether, before rates were raised in regard to frozen meat, the shippers had an opportunity of stating their case against a rise?—There has not been a rise for 20 years, so I can hardly say.*

13606. There has not been a rise for 20 years?—Not for 20 years, I should think, speaking of the meat trade.

13607. Is that true also of the rates on the outward service; has there been no rise in them?—I should think there have been very considerable variations in the rates on the outward service.

13608. May I take it there have been several rises?—There have been both rises and falls.

13609. So that under the homeward system, without a rebate, there has been, during the last 20 years, no rise, but a steady fall?—There has been a steady fall in the frozen meat freight.

13610. But under the outward system with the rebate system, there have been repeated rises?—Repeated rises and falls.

13611. But rises as well as falls?—Yes, both I should say. This is a matter of fact which can easily be proved. It really does not come much within my personal knowledge, and many people know a great deal more about it than I do; but, as I say, it is a fact which can easily be demonstrated.

13612. Perhaps you may have no experience in regard to this matter, but can you tell me anything about the difference, if there be a difference, between the homeward rates from Australia to England and from Australia to New York or Boston?—No; I do not know anything about that.

13613. Do you know—but perhaps this is again travelling into a matter with which you are not acquainted—anything about the difference, if any, between the rates from Australia to England and the rates from Australia to Continental ports, such as Hamburg?—No; I have no personal knowledge of the details of those trades.

13614. (*Mr. Mitchell.*) You import a certain amount of wool from Australia and New Zealand, do you not?—A certain amount, yes.

13615. You say there is no rebate system in connection with that?—I do not think there is; in fact I am pretty sure there is not.

13616. What are your freights from Australia for wool, do you know?—I really do not know at the present time.

13617. Has there been any change in those rates?—I think the rates vary from year to year?

13618. That is, your rates vary?—The rates for wool vary.

13619. From year to year?—Yes, I think so. There is not a fixed rate like the frozen meat rate.

13620. Do you find a varying rate an objectionable thing?—I do not think so When I say it is varying, I do not mean that it varies during the year, but that it is varied from year to year.

13621. Do you find that that hampers you in your business?—No.

13622. Not the uncertainty that would seem to follow?—No; I have not found it so.

13623. A certain amount of evidence has been given that it is a very important thing for importers of wool, for instance, that the rate should not vary?—That is to say, that everybody should pay the same?

13624. Apart from that point, that there should not be any liability to fluctuations in the rates?—No doubt that is of importance to the trade.

13625. It is of importance?—Yes.

13626. But you have not found it seriously affect your business?—No, I have not. But then I am not an expert in the wool trade, although we do export a certain amount of wool.

13627. There have been, you say, fluctuations from time to time?—I really do not know what the rates

* The witness subsequently wrote to say that in the year 1886 the Company which carried his meat raised their freight from 1½*d.* per lb. to 1¾*d.* per lb. without notice. A new line to New Zealand (now the Tyser Line, Ltd.) was then formed to carry at the former rate. Since that time there has been no rise, and the rate has fallen 50 per cent.—J. A. W.

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have been for years, but I do not think they have been always the same each year.

13628. Are you satisfied with the wool rates as a whole?—Yes, I think so.

13629. You do not find them excessive?—No.

13630. (*Mr. Owen Philipps.*) Do you ship outwards considerable quantities of general cargo for the requirements of your own company in New Zealand and Australia?—Yes; it amounts to a good deal of money.

13631. So you are in a position to judge of the advantages of the regular service outwards; that is, you ship enough to enable you to do that?—Yes; and I know of my own knowledge, independently of what I ship, that there is a very good service.

13632. (*Professor Gonner.*) In regard to the Australian trade, there have been statements made that the shipping companies have refused space to shippers who did not ship by the Conference Lines; is there anything of that kind within your knowledge?—No, I know nothing about that; and I should not have thought it was true.

13633. There is certain Australian evidence—sworn evidence before a Commission in Australia—to the effect that space was refused to shippers who would not ship through the companies' agents; has nothing of that come within your knowledge?—No, I have no knowledge of that.

13634. You do not know about the conditions under which butter was given space, possibly?—No. I have had nothing to do with butter of late years.

13635. But you may remember that there was a complaint about that?—I was just trying to think, but I cannot remember exactly what did happen about the butter.

13636. There were complaints of refusals of space, and there was also a complaint that certain differential rates were given in case of butter?—I think that the Mail Lines carried all the butter, and that they made contracts at which they carried it for a year, I think. The great point in the butter trade, as I understand it, is to get it home regularly and in quantities suitable to the London market. I understand that at that time the Mail Lines were the only people who could successfully carry on that trade. When I say the Mail Lines, I mean the P. & O. and the Orient in Australia.

13637. There was a special Royal Commission on the butter industry in Australia; do you remember that?—Yes.

13638. There was a very serious complaint as to the conditions under which rebates were given and obtained in connection with the butter industry, but that does not hold in reference to frozen meat, I gather?—No, it does not.

13639. Do you know that in Australia there is contracting for space? I understand that you do not contract for space?—I should not think anybody contracts, at least not long ahead, for frozen meat, but I daresay they do for butter. Butter is a thing that you could perhaps more depend upon to a great extent, but I do not know, as the butter trade does not come within my knowledge.

13640. But you think there might be differences between the butter trade and the meat trade from Australia?—Yes, I can quite conceive that there might be differences.

13641. Would there be any greater difficulty in obtaining space from Australia than from New Zealand?—Not now, certainly. The accommodation is so ample for both countries that I cannot conceive any steamer refusing to take anything that is offered.

13642. In fact, there is more refrigerated space than is required?—A great deal more.

13643. Has it increased considerably of recent years?—Yes, very much.

13644. And tends to increase?—Yes, quite so.

13645. Both from New Zealand and from Australia that holds good?—Yes. All the lines are continually building new ships, and they all have refrigerating machinery on board now.

13646. Then you have not, so far as you are concerned, come across any what one might call unpleasant dictation of terms from the lines who carry your produce?—Certainly not.

13647. (*Mr. Taylor.*) You state in your proof that the system of deferred rebates "is calculated to ensure "steady and uniform rates of freight." This Commission is inquiring into the system of Shipping Rings based on deferred rebates, which is almost confined to outward business, but your business is mainly homeward?—That is so.

13648. And what experience you have outward is confined to the necessary equipment for your own plant out in the different Colonies?—Yes; but I have an experience as a commercial man of a good many years. Of course, it is only a matter of opinion that I give mainly. I state that my opinion is simply that the system is calculated to steady rates of freight, and it is a matter of opinion with regard to this outward freight more than a matter of experience.

13649. As a matter of opinion, you think this system ensures steady and uniform rates of freight, and you do not express an opinion as to whether the rates are unduly high or unduly low?—No, I do not.

13650. That is an open question, as far as you are concerned?—Yes.

13651. It is almost an indifferent question to you?—I do not say that. I should think it would be impossible almost with the number of ships that there are to unduly raise freights.

13652. Why?—Because if there were really any attempt at squeezing merchants to any great extent, they have got an organisation which could very soon introduce other boats into the trade. All the boats in the world are not in this Conference, you know.

13653. We have had many merchants before us who have told us that they were a rope of sand?—Who were?

13654. The merchants themselves. They did not use the expression, but it has been used of other possible combinations. They told us in effect that they were a rope of sand as against a united body of shipowners?—I should imagine that the shipowners might be described, perhaps, as a rope of sand, too.

13655. One effect of the rebate system and of Shipping Rings from England has been to choke off outside competition, has it not?—You mean competition from tramps that just drop in when the trade is good and keep out when the trade is bad. That is what it is intended to do, and, in my opinion, it is a very good thing to do it.

13656. It is a very good thing that tramps should have no business from this country whatever?—I do not know that I go so far as to say that.

13657. What do you say?—I say in my proof, "My "opinion is, with regard to combination and deferred "rebates, that the system is calculated to ensure "steady and uniform rates of freight, and an excellent "and rapid service to Australasia, which is beneficial "alike to importers and exporters." There are times when you are fairly busy and get fairly good rates, but you must remember that these lines of ships in bad times have to take very low rates and rates that are not remunerative, and I think that is borne out by the profits that these lines make. All these companies publish their balance sheets, and none of the New Zealand companies, at any rate, are able to pay more than a 5 or 6 per cent. dividend, which I do not think anybody can say is an exorbitant return upon the capital invested. Do you ask me to pin myself to the point that an outside tramp should not be able to do anything?

13658. No, I did not put it that way. You said that tramps should not come in to take business from the lines trading outwards from this country?—I meant to say that it is not anybody's interest, either merchant's or shipper's, that a tramp should come in and cut the rates in a regular line of steamers.

13659. Am I overstating your position if I say that it is a good thing that, as regards general outward business from this country, and in what are called general goods, competition should be eliminated and combination should prevail? Is that overstating your position?—I think it is, a little. It is pretty near

my sentiment—it is not very far off what I feel in the matter; although I do not like to use the words that competition should be eliminated.

13660. No; I understand the reluctance?—Besides that, it is not eliminated. There are too many lines there, and any of those lines might break away at any time. They are not much more than a rope of sand, to use your own expression; and the competition is there.

13661. (*Chairman.*) You mean the possibility of competition?—Yes, there are the possibilities of competition, and competition, if there is any strain put upon it, would very soon be in operation.

13662. (*Mr. Taylor.*) What I understand by strain is this—that the shipping lines in combination can test the position up to a certain point, but no further?—Yes.

13663. That is, they can squeeze the exporter up to the point where it would make it pay for him in desperation to forfeit his rebates?—Yes. You talk about squeezing, but of course that is a comparative term, too. If they squeeze him too hard it does not work, you know—it soon ceases to work.

13664. Do I understand that you import frozen meat in large quantities from all ports of the world; or are you confined to certain countries?—We only import frozen meat from Australasia.

13665. Do you not import any from the River Plate?—No. I have meat consigned to me from the River Plate; I do not know whether you call that importing. I am not interested in any freezing works there.

13666. Then the business of Nelson's of Liverpool, which is concerned with the River Plate, has nothing whatever to do with yourselves?—I have nothing on earth to do with James Nelson & Sons. They are a different Nelson altogether. I know they do a large business.

13667. Have you ever had competition in the frozen meat trade?—I should think we have. It is all competition.

13668. Do you think that a good thing or a bad thing?—I think it is very bad for me, considering the extent that it is worked to. We started works in Hawke's Bay, New Zealand, 25 years ago, and enlarged them to do the trade; and now we have had works put up at each side of us, and there is competition. It is so ruinous sometimes that it is difficult to make anything; and we have lost some years large sums of money in consequence of this competition. I do not think that that is any advantage to anybody.

13669. Have you ever thought of applying the principle of the Shipping Ring to your trade?—Yes; I should very much like to do it, if I could.

13670. And eliminate competition?—But I have never succeeded. I maintain that if we could eliminate competition in a proper and fair manner, and if the business was conducted in a fair manner, it would be an advantage, not only to the trade, but to the meat grower.

13671. What about the consumer?—The consumer will take care of himself. It is utterly impossible that any combination of frozen meat companies in Australasia could affect the selling price of meat in London.

13672. What about what is called the Beef Trust?—I have read those articles with very great interest, and I am waiting to see what the moral is; but we have not got to that.

13673. (*Chairman.*) The moral?—Or the remedy. That is a different thing altogether, and there is absolutely no connection between the frozen meat trade and the American Beef Trust. The Beef Trust may be advantageous to the trade; but considering that they get 6*d.* for their meat and we sell ours at 3*d.*, I think we shall always have a market.

13674. (*Mr. Taylor.*) They are entitled to complain of you, I think?—For selling at 3*d.*?

13675. Yes; on your principle?—It does not affect the question; the markets are so absolutely distinct.

13676. I understand that both in frozen beef and in shipping the consumer really does not come in from your point of view; the primary point of view, I take it, is that both trades should pay?—The price of meat in England is absolutely governed by the supply. The demand is a fairly fixed quantity, though gradually increasing; but the price of American beef, the price of frozen beef, and the price of everything else, is governed by the supply, not necessarily of its own class, but of some other class. Therefore I say that anything that Australasia could do in the way of combination could not affect the price of meat here. The price of frozen meat might be upset by Australian rabbits, and it might also be upset by the importation from Holland of Dutch mutton.

13677. So that really while you might like all the while to combine in the same way that Shipping Rings do, you unfortunately are prevented from doing so by wholesale competition from other countries?—In selling, yes; but you see there is another point—there is buying. Selling is not the only thing; there is the buying of the meat.

13678. To go to wool; I understand you do not do much in wool?—No; I do not know much about wool.

13679. Wool from Australia does not always come in regular liners, does it?—No, I do not think it does.

13680. I see in freight reports constant fixtures of ignominious tramp steamers, who really, as I understand your position, are not entitled to trade; but still they do get occasionally a fixture to carry wool from Australia. Do you find that is a bad thing?—No. I do not know much about it; I say I am not an expert on wool.

13681. Is it a bad thing? Does it tend to put rates up and down in an unsatisfactory and disturbing manner to the trade?—I do not know that it does. I really do not know anything about that.

13682. If that has been forced on your attention, why should you be so clear that it would be a bad thing in outward business in this country?—You have been speaking of the homeward business, but I am speaking of the outward business.

13683. Your experience is with the homeward business, is it not?—Yes.

13684. Therefore your opinion is valuable there; but you have not much experience of the outward business, and therefore, if you will forgive me, I do not attach the same value to your opinion in that case?—I only profess to have an intimate knowledge of the frozen meat trade. I say I do not know much about the wool trade, and I do not know that it affects me in any way.

13685. Very well; now let me get to the frozen meat trade. All steamers that carry frozen meat have got to be fitted with what is called refrigerating apparatus?—Yes.

13686. Are you aware of any steamers, not regular liners, so fitted?—I cannot give you the names of any at the present time, but there have been some. It is very easy to ascertain, and I dare say you have the information in this room.

13687. As a matter of fact, steamers intended for general trade, who tramp about, are not fitted with the refrigerating apparatus at all, are they?—I should think not; but I dare say there are some. There has been so much refrigerating capacity in the regular liners that probably it would hardly pay an outsider to go into it.

13688. Therefore, in regard to this frozen meat, your experience naturally is confined to the steamers in the regular lines, because they are fitted with this particular apparatus?—Yes, quite so.

13689. If you had a great over-supply of frozen meat wanting shipment at a particular port, it would not be possible for you to charter independent tonnage at will and at short notice, would it? I put it to you, could you do it?—In New Zealand we certainly could get any amount we wanted.

13690. Of independent tonnage? How could you get it fitted with refrigerating apparatus?—You know more about this point than I do. Are all these New Zealand Lines in this Conference?

13691. I do not know why you say that about me. I am a child in regard to the trade in Australia and

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New Zealand; I do not know anything about it?—I am speaking about New Zealand. I do not know that the Shaw, Saville Company and the New Zealand Shipping Company are in the Conference, are they? I am inclined to think they are not.

13692. So that you could go to them?—I could go to them. I could get any amount of tonnage that I wanted from New Zealand.

13693. (*Mr. Owen Philipps.*) What you mean to say is that there is a lot of other tonnage besides the tonnage in these particular Conferences fitted to carry frozen meat; that is your point, is it not?—In New Zealand, certainly. I mean to say that the supply far exceeds the demand, and there is no difficulty in getting any amount that you want.

13694. (*Mr. Taylor.*) And it is not in a Conference?—I do not think so with these New Zealand Lines.

13695. That, from your point of view, is a very bad thing, I suppose?—In regard to carrying meat? No; I do not think it matters.

13696. Not being in a Conference, is, from your point of view, a very bad thing? It might mean that the rate might drop suddenly if they came in?—It does not affect the frozen meat question (which is what we are talking of) one way or the other. It is neither bad nor good for it.

13697. The rate of freight is a thing which is neither bad nor good?—Whether they are in a Conference is neither bad nor good. You say, "It is bad "from your point of view that they should be in a "Conference"; I say it is a matter of total indifference.

13698. You have expressed the opinion that the system by which the incursion of outside tonnage is prevented, namely, deferred rebates, is a good thing?—Yes, certainly, in the outward trade; but then you are asking me questions about the homeward trade.

(*Professor Gonner.*) You say it is beneficial alike to exporters and importers.

13699. (*Mr. Taylor.*) Do you mean there the outward trade?—Entirely the outward trade.

13700. I take it, then, we may assume that your observation and general expression of opinion apply only to the outward trade, of which, according to your own admission, your experience is very limited?—I have given it simply as my opinion. On the outward trade I give an opinion; on the frozen meat trade homeward, I can give you any amount of experience.

13701. I understand that on the homeward trade you are not prepared to say anything about the effect of a Conference system?—No.

13702. (*Chairman.*) There is no such system?—It does not exist.

13703. (*Mr. Taylor.*) You could express an opinion even about a non-existent state of things, but you do not?—No.

13704. (*Captain Collins.*) Beyond the deferred rebate, there is a special rebate of 5 per cent, is there not; or are you not aware of that?—No, I am not. I do not know the details of these rebates.

13705. So it is no use taking you into the details?—No, not at all; I only know the principle.

13706. You are only in favour of the rebate system as a principle?—Yes.

13707. The methods of working it you might disagree with?—I really do not know what the details of the arrangement are.

13708. Do you know who gets the rebates? Does the importer in Australia get the rebate?—I should imagine the merchant does. Do you mean whether he gets it this side or the other?

13709. You are not aware of any complaint from importers in Australia of a condition imposed by the Ring that this 5 per cent. additional rebate should not be returned to the Australian buyer?—No. But who is to get that is entirely a matter of arrangement between the exporter and the importer, I take it.

13710. (*Chairman.*) I think it has been proved here that that person gets the benefit of it who pays the freight, unless there is some agreement to the contrary?—I should imagine that would be so.

13711. (*Captain Collins.*) You are also connected with the Tyser Line, on which you have given evidence, and that Line is still a member of the Conference?—Yes, that is so.

13712 Are you aware of any agreement that has been entered into with the Tyser Line and the German Line with regard to freights?—I do not know the details about that. I was asked the other day, and although I am a director of the Line, I take no intimate part in the management. There are managing directors of the Line who attend to all the details, and I am not posted up in that. There has been some arrangement, I know.

13713. You are aware that there is an arrangement?—Yes.

13714. But you could not give the Commission any information as to what the arrangement is?—No, I cannot. I do not know what it is.

13715. Therefore you do not know of any special arrangement that may exist now with your Line and the German Line as regards the Harvester Company and the rates of freight?—No, I do not know anything about that.

13716. (*Sir Alfred Bateman.*) You do know something about the rebate system from this country to Australia, do you not?—I just know the principle of the thing, but I do not know the details.

13717. Is there any classification issued or published of the rates to be paid?—A classification of goods, do you mean?

13718. Yes, showing how much each class of goods is to pay?—I believe there is, but I am not sure. There must be different rates of freight on different classes of goods.

13719. That is just the point; that is what is called a classification?—There must be a classification.

13720. Will the large and the small people pay the same rates of freight?—I should imagine they would, but I do not know.

13721. Naturally, I gathered from your answer to Sir John Macdonell, or rather from your not answering him, that in the case where there was no rebate—in the homeward trade—there were differences made to large shippers?—I do not think so.

13722. I must not take that?—No.

13723. You would sooner not answer?—You must not draw that inference.

13724. We may not draw any inference at all? What I wanted to get from you is this: Is it not the case that under the rebate system there is a classification of the rates to be paid, and therefore the small man would pay the same rate as the large man? Can you tell me that?—No; I have no knowledge as to whether they make a difference between a large shipper and a small one. I do not know whether they give the same rebates on a small quantity as on a large. That is the gist of the question, I suppose?

13725. It seems to me rather that in this particular trade in which the Commission is interested, you take no interest; but that you have experience in the homeward trade from Australia, where there is no rebate system?—I think when I said I would venture to come—and I think I was asked to come—I was very doubtful whether I ought, because I do not think I am much use.

13726. Do not say that?—The only thing I do know is, as I say, the homeward frozen meat trade. I think I know that.

13727. At the end of your proof you say the system is beneficial alike to importers and exporters?—I give that as an opinion, you observe. It is an opinion founded on general principles.

13728. You think that the rebate system though it does not obtain in the case of exports from Australia, yet it must be beneficial to the exporter in some way or other?—What is beneficial for one trade is not necessarily beneficial for another. What is beneficial to the Australian merchants, in my opinion, is the steadiness of the rates. I am not a merchant myself, but I can quite understand that to a merchant ship-

ping goods to Australia it is a matter of very great importance that he should pay the same rate of freight; I mean to say, that one man paying a low rate of freight and another man paying a high rate may make all the difference between a profit and a very large loss on the goods that he is exporting. These rates keep the trade steadier. I am simply speaking on general principles as a commercial man.

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13729. How would that help the exporter of wool or the exporter of meat?—The exporter of wool from New Zealand or Australia?

13730. Yes?—It would not help him.

13731. In your proof you speak of its being beneficial to the exporter, and I am taking your own word?—The exporter from this country to Australia I am speaking of.

13732. You mean the importers into Australia, and the exporters from this country?—It may not be exactly the correct word. What I say is, "My "opinion is, with regard to combination and deferred "rebates, that the system is calculated to ensure "steady and uniform rates of freight, and an excellent "and rapid service to Australasia—that is entirely "outward—which is beneficial alike to importers and "exporters." I do not mean to suggest that a rebate to an exporter is any particular advantage to an importer, but an excellent and rapid service to Australasia must be, because the ships have to come back, and therefore it is an advantage to the people on the other side.

13733. In that way the exporter does still mean the exporter from Australia, and you still do refer to the exporter from Australia as being benefited by this service?—The importer and the exporter may be the same person. If an Australian merchant has a house in Sydney and a house in London, he is both.

Mr. WALTER C. WARD, called and examined.

13734. (*Chairman.*) You are a member of the firm of Messrs. Ward & Co.; will you kindly tell me what your business is?—It is the export of cotton goods from the United Kingdom to China.

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13735. Is your business limited to cotton goods?—Yes, almost entirely to cotton goods.

13736. Are those goods ordered from China and Japan?—Yes, ordered or recommended.

13737. Do you mean either ordered direct or ordered through commission merchants in England to whom you are recommended?—I have my own firm in Shanghai, who send me orders, on behalf of a Chinese constituent presumably.

13738. You say in your proof that there is an advantage in having regular sailings with a uniform rate of freight?—Yes.

13739. Do you think that is the result of the rebate system? Has the rebate system much to do with that?—I should suppose it has.

13740. Why?—Inasmuch as it holds shippers together. Shippers having once supported the Conference would not like to abandon their claim to the rebate

13741. Why does the rebate system ensure a uniform rate of freight?—I do not think it does that.

13742. So you do not think that what you call a uniform rate of freight is the result of the rebate system?—No, I do not think it is the result of the rebate system.

13743. Do you think careful handling and accurate delivery at the port of destination, to which you also refer, is the result of the rebate system?—No.

13744. Then you go on to speak of the arrangements under which the Conference works; do you mean by that the rebate system?—No; I mean the arrangements they have amongst themselves, of which I know nothing.

13745. So that, so far as your opinion goes, you express no distinct view as to the rebate system, but only as to what may be called the Conference system?—Yes, I think that is so.

13746. Have you considered carefully the system of deferred rebates?—Yes.

13747. You have directed your attention to that question?—Yes.

13748. But you just now told me that the advantages which you describe in your proof are not due to the rebate system?—I will put it in this way: That the Conference exists, and is supported by various shippers, who are held together by the rebate system, that is, by the knowledge that they will have a rebate, and that, in consideration of that rebate, they will have regular services, careful handling, and accurate delivery.

13749. Have you considered to what extent the system of deferred rebates may enable shipowners to raise freights without consulting shippers and merchants?—No.

13750. (*Sir Alfred Bateman.*) Are you aware what the rates are from the United States to China on cotton goods?—No, I am not aware of what they are.

13751. You do not know whether they are lower or higher than what you pay?—I have heard that they are lower.

13752. Does that have any effect on the trade with China?—I should think it would help the trade in American goods; I should suppose so.

13753. The American trade is somewhat distinct from the Manchester trade in cottons, is it not?—Yes.

13754. But there are lines, are there not, in which there is competition?—Yes.

13755. You send drills to a certain amount now, do you not?—Yes.

13756. Is not the American competition helped by the lower rates which they get from America?—I should think it is.

13757. Still, you do not mind that?—No.

13758. You say in your proof, "The result"—that is, if you get an inferior class of steamer—"might "conceivably be to throw those shippers for whom "regularity, punctuality, and efficiency are the first "objects, into the hands of the subsidised mail "steamers, whose managers then would hardly be "content to work at rates which under the arrange-"ments at present existing they consider remunera-"tive." Do the mail steamers charge the same rates of freight now as the other steamers?—Yes.

13759. Do you think if they had a monopoly they would charge more?—Yes.

13760. That is what that sentence means?—Yes.

13761. But they are all in the Conference, are they not?—That is so.

13762. You are afraid of having lower rates for a particular time; and as you do not want any disorganisation of the rates, you do not want rates to be suddenly lowered?—That is so.

13763. You say that would disorganise trade?—It would.

13764. Do you mean that whilst those low rates lasted you would get larger stocks out in China than could be consumed within a reasonable time?—Yes, I should think that very likely.

Mr. ADOLF ZIMMERN, called and examined.

13765. (*Chairman.*) I understand you are a member of the firm of Messrs. L. Reiss Brothers & Co., London, and that you represent Messrs. Reiss Brothers, Manchester, and their China firms?—Yes.

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13766. Do you know of the system of deferred rebates?—Naturally; it is our business to know it.

13767. Your firms, I think, are large shippers of Manchester goods to China, and have been so for a period of over 50 years?—Yes, for 62 years—since 1845. We knew the trade even some years previous to that period.

13768. In your proof you state what you consider to

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be the advantage of the present Conference agreement, namely, regularity of departures, excellence of service, and steadiness of rates of freight during a number of years?—Yes. It is a distinct advantage in our trade to know exactly what the rates are and to have steadiness of rates, because a great deal of business is done forward, and if the rates are suddenly raised against us when contracts are pending, of course, it is extremely detrimental.

13769. Are the rates of freight raised by the Conference Lines without consulting the shippers?—Yes, they are.

13770. Without any consultation whatever?—Without any consultation.

13771. Do you think that a good system?—We cannot quarrel with these people. But I must say they do not raise them either frequently or considerably. The Conference commenced in 1879, and I have here a table showing the rates of freight since 1891. They have been changed during that period 18 times. (*See* Appendix XV.)

13772. (*Mr. Taylor.*) That is about once a year?—Once a year, practically. The differences are never very great; you might say that sometimes they are a third less or a quarter more. At the present moment the rates are practically the same as they were in 1891.

13773. (*Chairman.*) How do the freights from England compare with the freights from Germany?—The German steamers are all in the Conference.

13774. Do they charge the same rates of freight?—They have an arrangement. The class of goods is entirely different, so, of course, it does not apply. I think the arrangements are pretty much the same.

13775. Was there not a time—in the year 1902—when the rates of freight from Germany were much lower?—Yes, but since then they have made an arrangement to pool.

13776. Was that a serious disadvantage in 1902?—Not to the Manchester shippers to any very serious extent.

13777. But, surely, that was a great disadvantage to British trade. Yes. But it must be remembered, first of all, that Germany cannot supply the same goods that we supply from here; and then, secondly, that the rate of freight does not represent an enormous percentage on the value of the article, so that any difference does not bear so hardly.

13778. Is it the case that there are no goods exported from Germany which are similar to the goods exported from England? Do you mean to say that?—Not from England, generally, but in regard to what is called Manchester plain goods—cotton goods and cotton yarn—there is no chance of any other country competing.

13779. Your evidence is limited really to the export of cotton goods?—To what I know and understand, yes—that is, to the trade we are in.

13780. Your experience being so limited, you do not wish, I suppose, to express any opinion as to the effect of a system of rebates on the export trade in other goods in which you have had no experience?—We have, of course, a considerable experience of the trade, generally, and a good deal comes under our notice, but I should not like at the present moment to name any article that is likely to be prejudiced. In fact, I believe that no article can be seriously prejudiced by exports from the Continent of Europe, on account of a difference in freight against England.

13781. Would you undertake to say that when the rates of freight from Germany were much lower than the rates of freight from England, British trade was not injured?—It is very doubtful whether it was.

13782. Do you mean to say that British trade was not injured?—It might be injured to a small extent.

13783. Why do you say that?—Because the class of goods that we export from here is so different.

13784. Then you are thinking only of cotton goods?—Yes.

13785. I am speaking now of other things?—Of course, machinery might be injured.

13786. Take the case of goods exported from England, and similar goods exported from Germany; if the rates of freight from Germany were much lower than those from England, would that be a disadvantage to British trade?—Naturally.

13787. Do you not know that that was the case at one time?—I do not know in which particular articles.

13788. Did you never hear of it?—Yes, we heard of it, but it did not prejudice our business.

13789. But your trade is not the only trade in the world?—No, it is not.

13790. You have heard of complaints being made on that head, have you not?—Yes.

13791. If that was brought about—I do not say it was; in fact, I doubt it—but if that was brought about by the system of deferred rebates, that would be an evil?—It was brought about by what you may call the Conference here—by a combination here and no combination in Germany.

13792. Since then, the rates of freight have been levelled up, have they not?—They have been levelled up pretty well. Cotton goods are, you may say, by a long way the largest article of export; the other articles exported to China bear no proportion to them.

13793. In your proof, you say, that rebates are not of sufficient importance—being 10 per cent. on the freight—to affect transactions in outward goods materially; I do not quite understand that?—I can explain what I mean by it. The cost of the freight on cotton goods and cotton yarn is between 2 per cent. and 3 per cent., and sometimes rather less, on the cost of the goods; and when the rebate is 10 per cent. on that, that means 0·2 or about ¼ per cent. on the cost, and ¼ per cent. does not stand much in the way of putting through business with China.

13794. Are you a member of the Manchester Chamber of Commerce?—Our firm are.

13795. You know Mr. Langdon, do you not?—Yes.

13796. Do you know that he has given evidence before us?—No. I thought I had better not read any of the evidence.

13797. Do you think that the period during which these rebates are maintained is excessive?—If they are to be effective at all, I do not think it is too long.

13798. Do you know that Mr. Langdon differs from you entirely on that point?—It is quite possible.

13799. On this question of the system of deferred rebates, may I take it that there is no unanimity amongst the members of the Manchester Chamber of Commerce?—They would evidently prefer not to have them, or to have lower freights.

13800. But you think they are wrong?—I think, considering things as they are now, the Conference must have a certain hold on shippers; else I do not see how they can give the service.

13801. Have you ever considered whether there might not be some modification of that system, or do you think it a perfect system?—No, it is not perfect.

13802. So you think it might be improved?—I think they might do away with it altogether, and chance it. I think the shippers would give them their goods just the same.

13803. Then you do not think this system an important system at all; it is not necessary to uphold it, in your opinion?—No, it is not necessary.

13804. You might as well do away with it?—As far as we are concerned, we should not mind. I do not look upon the amount of the rebate as anything so very important; as I explained just now, it is a small amount.

13805. (*Lord Inverclyde.*) Do you find that this deferred rebate system hampers you in any way?—No, not in any way whatever.

13806. You merely look upon it as a matter of not very great importance, and hardly worth considering in your business?—Of course on a large turnover it makes a great difference, but if the rates of freight were lowered by the same amount, it would come to the same thing.

13807. How long is your rebate held up by the shipowners?—It is 5 per cent. after six months, and a second 5 per cent. is paid after twelve months.

13808. Is it paid with regularity?—Yes, absolutely.

13809. (*Mr. Lawrence.*) You confine your evidence to the fact that you are shippers of Manchester goods, and you are not speaking of anything else but Manchester goods, are you?—Chiefly. I personally have had a very long experience of the China trade, and one hears a great deal. We have a considerable amount of information and knowledge, but practically I can only speak——

13810. In regard to Manchester?—Outwards.

13811. Your Manchester trade, you say, is not interfered with by the export from Germany?—No, certainly not.

13812. Because it is of a different quality?—The Germans could not produce it at the same cost.

13813. You said that the steam shipowners do not consult the shippers when there is a change in rates, and that the rates have changed about once a year, I think you said?—Sometimes they may run for years without much change.

13814. I thought you said, in answer to the Chairman, that they had changed 18 times since 1891?—Yes, but at very varying periods.

13815. Have they given the shippers notice of these changes?—No, not to my knowledge. Of course, they give a week or a fortnight's notice.

13816. But not a three months' notice?—No.

13817. Do the new rates come into force at once?—I suppose they are obliged to; something occurs which causes them to raise the rates.

13818. Speaking roughly, what proportion of the cost is represented by the freight on the goods which you ship?—I should say between 2 and 3 per cent.

13819. So it is very small?—Yes, it is small.

13820. (*Sir John Macdonell.*) I understand that you think your trade with China would go on pretty much as it does whether there was a rebate system or whether there was not?—I should say so.

13821. In your opinion, you would get the advantages which you have in the way of regular service and good ships with or without rebates?—Yes—carrying well, and having the present facilities for discharge on the other side which these lines have.

13822. Now, directing your attention to the trade from China to this country, I take it that there is more tonnage available from China to England than from England to China?—Yes, there are more ships out there seeking freights, undoubtedly.

13823. Not only are ships seeking freight, but ships are of a larger size to-day than they formerly were?—Yes. Every year, of course, that is the case; the ships are being built larger and larger.

13824. The tea trade from China has considerably declined, I think?—It has fallen to nothing practically; I mean it is not worth taking into account.

13825. So that you have more space available, and you have less trade coming homeward?—Yes. It depends, of course, on a great many considerations. If the rice trade is active from the rice ports, that, of course, would make a difference.

13826. Speaking as a man of business, you would expect that the freights from China homewards would be falling?—Yes, they should be, without a Conference.

13827. The effect of the Conference system with the rebate system is—I gather this to be your opinion—to prevent the fall of freights, which, otherwise, would come about?—That is so, certainly.

13828. In your view, that is, shall I say, not exactly a merit of the system?—It is against many articles—bulky articles—which, perhaps, with a low freight might possibly be shipped from China, but which cannot come now.

13829. May I take it that you come here as a strong opponent of the rebate system so far as the homeward trade is concerned?—I say that I cannot shut my eyes to the fact that rates homeward would be lower without a Conference.

13830. To put your position concisely, so far as the outward trade is concerned, it does neither good nor harm, but so far as the homeward trade is concerned it does harm?—Outward, I should say, it is very much to our benefit—I would go so far as that.

13831. (*Chairman.*) I thought you said it did not matter?—I think I have stated that.

13832. (*Sir John Macdonell.*) I do not want to misunderstand your position. I was under the impression that you had informed the Chairman, and that you repeated the statement to me, that so far as the outward trade is concerned, the rebate system and the Conference system had no effect one way or the other. Do you wish to modify that?—I should like to say that the present system is a great convenience to shippers on account of the regularity. I have stated that before.

13833. Then your position seems to me somewhat subtle and complicated. I understood you to tell the Chairman, and also to repeat the statement to myself, that the trade would go on, as far as you are concerned, exactly in the same way with or without the rebate system?—But I did not say without a Conference.

13834. That is the difference?—Yes.

13835. I am much obliged to you; I at once accept that correction. Your position is that the Conference system may be beneficial to the shippers, but that in your view the Conference system would have the same effects with or without the rebate system. Have I put your position accurately? I do not wish to misunderstand you, so, perhaps, you had better put it in your own way?—I suppose I should be told that there must be something to keep the Conference together.

13836. If you were told that, as probably you would be told, would you be convinced by it?—Perhaps, what I wish is an ideal which is not likely to be possible. It is possible that a Conference may not be able to exist without some kind of a return of a rebate.

13837. But upon that question you have formed no very decided opinion?—I am satisfied with the present state of affairs.

13838. Do you know anything about the rates from China to America?—No, I do not, except for silk, which I may say is at fixed prices.

13839. You do know about the rates for silk to America?—Yes.

13840. And do you know about the rates for the same article to this country?—Yes. They are outside the Conference, and they are fixed by agreement between the various mail steamer companies. There is no rebate on raw silk.

13841. Are you in any way engaged in that trade?—Yes, we are largely engaged in that trade.

13842. Do you find in that particular trade, in which there are no rebates, any great fluctuations in the price?—Very little. The rates are very uniform.

13843. May I say this—that they are quite as uniform as the rates for Manchester goods from this country?—Even more so.

13844. That they are more uniform?—Yes; but the freight is paid in currency on the other side, and with the rise and fall in exchange, the currency prices alter.

13845. Am I right in appreciating your evidence to be this, that in the case of the silk trade, where there is no rebate, the rates are more stable than the rates in the case of Manchester goods?—Yes, certainly.

13846. Take the case of Manchester goods; you told one Commissioner that the freight had only a small effect on the price of the commodity?—Of course, it has an effect.

13847. I only want to ascertain your opinion with more precision?—Nothing like what it would be on other articles.

13848. Give me a typical example of the effect of freight on price?—I should say on fine goods, which are the chief—goods of about 10*s.* the piece—the freight from Manchester would be about 2*d.* the piece.

13849. That is on the fine class of goods?—Yes.

13850. Would you now give me an example from the coarser and rougher class of goods?—It would be just a little more, naturally. As the price lowers, the percentage of the freight would rise.

13851. That is what one would expect; but take what you think would be a case in which the freight

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would be the maximum percentage, and give me an example of that?—I should think that would be 4 per cent.

13852. That you think would be the maximum?—I should think so. Between 4 and 5 per cent. would be absolutely the maximum for common goods.

13853. (*Mr. Mitchell.*) You export cotton goods to China very largely, do you not?—Yes.

13854. Do you sell those goods to merchants in China, or do you consign them to houses of your own there?—We have our firms there.

13855. I suppose you have got to make your arrangements for a good many months ahead; you have got practically to sell forward, have you not?—Not always, but we naturally like, as every merchant does, to close our transactions as soon as possible. A very large proportion of the trade is done by forward sales.

13856. It is important to you to know what freight you are going to pay for the next six months, I suppose?—I may say that we have some difficulties to contend with in the matter of exchange, and in other matters; so that at least we like to have one factor certain, and if that is the freight that is a very material assistance to us. We can count upon our freight if we know what our freight is going to be.

13857. When you speak of the importance of steady freights, and when you speak of freights being steady, you mean to say that you have to make arrangements for a considerable time beforehand, and it is important to you that you should not have those arrangements disturbed by any unexpected fluctuations?—Yes.

13858. Anything of that kind, coming within, say, six months would disturb the calculations that you have been able to make?—Yes, and it might even turn a small profit into no profit at all, or into a loss if the rates were doubled, say.

13859. In fact you have to do your business upon certain calculations, and you do not want those calculations disturbed; and anything that interferes with your calculations is a thing that you would wish to avoid?—Yes, certainly.

13860. You have spoken about freight being very small in proportion to the value of the goods that you send?—That is so.

13861. Your goods are very light in weight in proportion to their value, are they not?—Yes.

13862. But you quite realise that in a good deal of the trade in the heavier commodities the freight becomes a very much more important thing?—Very much more. In machinery and many other articles it is much more serious.

13863. You cannot get many trades where the freight is of less importance than the trade that you are speaking of, can you?—That is so, unless you take silks, homewards.

13864. In textiles generally the value is great in proportion to the weight?—Yes.

13865. Therefore the amount paid in freight becomes a very small percentage of the value of the article?—Yes.

13866. And therefore it is not of nearly the same importance to you as it is in the heavier trades?—That is so.

13867. (*Mr. Sanderson.*) You were good enough to tell the Chairman that you had brought a statement, showing the alteration in rates of freight since 1891; and you also told one of the Commissioners that while they had been altered 18 times during that period, it does not necessarily follow that they were altered annually; but there were certain periods, no doubt due to violent fluctuations, when they were altered?—Yes.

13868. And then there was a certain instability?—Yes.

13869. For information, I should like very much to know how long it is since the existing rates were altered?—Since 1904 there has been no change, except only in one class of goods—to the extent of 5*s.* a ton on light goods.

13870. What was the last alteration prior to 1904?—There was an alteration pretty well every year.

13871. But since 1904 you say there has been no change?—That is so.

13872. Have the shippers, or your own firm, asked for any change since 1904, do you know? Were you aware of any movement to alter the rates?—No.

13873. You would hear probably if there was such a movement?—Yes. We look upon the present freights as quite moderate and satisfactory.

13874. You are content with them?—There is no grievance, I think.

13875. No grievance whatever? You also gave evidence to the effect that the shipowners had the right to alter and did alter their rates from time to time, with possibly 14 days' notice?—It may be a little longer, but certainly it is not long.

13876. What would you regard as a reasonable notice?—I think from their point of view they would consider that sufficient.

13877. I am asking you to answer from your point of view?—We would like to have a longer notice.

13878. It is interesting to us to know what you would regard as a reasonable notice, assuming Conferences were to continue to have fixed rates of freight with the rebate system. It has been several times charged against shipowners that they exercise it without sufficient notice, and I would like to know what you regard as sufficient notice?—For a considerable change I should say three months' notice would not be too much.

13879. Would that notice be satisfactory to your trade?—I fancy it would. It gives you sufficient time for what you may call turning round in.

13880. (*Professor Gonner.*) Would you say that there is no competition between cotton goods from Germany and cotton goods from this country?—In cotton goods, I should say, there is no visible competition.

13881. Of course, I understand that in the fine goods there would not be competition, because they are not goods of the class which are exported from Germany?—In what is called grey and white goods there is no export from Germany to China, and they would not compete.

13882. My question was not whether Germany would compete with us in the finer goods, but whether we do compete with Germany in the coarser goods?—There is no competition in existence, because they have not tried to ship these goods.

13883. From England?—No, from Germany to China; therefore, there is no competition in China between our goods and their goods, because they have never ventured to send them.

13884. Is there a large sale for German cotton goods in China?—There is hardly any sale.

13885. There is very little export of cotton goods from Germany to China; is that your position?—There is very little, indeed, if any.

13886. So that as far as cotton goods are concerned—and you limit yourself to those—the lower rates from Germany did not affect the English trade?—I should say not.

13887. But you say nothing as to any effect on other classes?—It might have an effect on other classes, of course.

13888. You think that that is quite possible?—Naturally.

13889. Then, you say in your proof, that the rebates are not of sufficient importance to affect transactions in outward goods materially; but do you not rather modify that by the statement in your previous paragraph that you want steadiness of rates of freight?—I only wish to point out that the percentage is so small—it is only about a quarter or a third per cent.—that, naturally, it cannot affect a transaction.

13890. But you would still think it would be more convenient to have the third per cent. yourself?—Naturally, we would sooner have it.

13891. Therefore, of course, you would not be sorry if there was more tonnage in the outward trade, and you were able to get a lower rate?—Of course, every merchant likes low rates rather than high ones.

13892. You say, that in the homeward trade the rates would undoubtedly be lower, because there would be an excess of available tonnage?—There is nearly always an excess of available tonnage.

13893. Is the tonnage more occupied going out to China?—Yes; steamers are so enormous now-a-days that they simply cannot be filled in China—it is quite impossible.

13894. But they are better filled going out to China?—Yes.

13895. If there was not a Conference going out to China, there might be additional tonnage, might there not?—We should have more tonnage going out there probably.

13896. Then the rate outwards would be lower, probably?—Yes; but the class of steamers would deteriorate materially.

13897. You think that the Conference arrangement does secure a particular class of steamer?—Undoubtedly.

13898. A good class of steamer?—Yes.

13899. Then, it secures regularity?—Yes.

13900. And, on the whole, you think it has tended to check fluctuations?—Undue fluctuations, yes.

13901. But you do not, I gather from your previous answers, assert that those advantages are due to the existence of a deferred rebate?—They are due to a combination of shipowners.

13902. There is still a little obscurity in my mind as to whether a combination without a deferred rebate might not be sufficient and possible?—It might be, but it is really more for the shipowners to say whether they consider it possible to keep their *clientèle* together without any rebate.

13903. Would you take, in any question of bargain, the dictates of one party? You say, it is for the shipowners to say whether it is sufficient?—I only meant to say it is for them to see to it that they can keep their combination together by the best means they can, and if the rebate is the only means, it is for them to say so.

13904. You do not think their keeping it together in this way has issued in an extreme price, or rather in an undue enhancement of the price?—Not in the least, so far as the China trade is concerned.

13905. Coming now to the silk trade, I understood you to say that the silk is carried under a special contract?—Yes, all silk is.

13906. Is it always carried by mail boats?—Yes, invariably.

13907. Both to America and to Europe?—Yes.

13908. What form is the contract; could you tell us?—It is simply an agreement between the various steamship companies.

13909. For how many years?—It has been going on for many years.

13910. Is it a contract to ship for several years?—There are three Companies in it—the P. & O., the Messageries Maritimes, and the North German Lloyd. I have their circular here, it is an old one, but still it is the same now.

13911. Do the shippers undertake to send all their silk by these lines?—Not in the least.

13912. Then the contract is merely a special rate of freight given by the steamship companies?—You cannot very well ship silk in any other way than by the mail boats; it is too valuable.

13913. I do not quite understand what is the contract. Is it an agreement simply by the steamers to carry it at a particular rate?—There is an agreement between these companies.

13914. And the shippers are not involved in the contract; is that it?—Not in the least, except that they have got to pay these rates, unless they wish to ship by other steamers.

13915. Does the Shanghai rate govern the Japan rate?—Yes. The rate from Hong Kong and Canton is the same. There are only two ports for silk—Shanghai and Canton.

13916. It is a special agreement then among the only boats which can carry silk, to carry it at a given rate?—Yes.

13917. Do you think the rate is high?—Not at all, it is quite fair.

13918. It is quite as fair as the outward rates on cottor goods?—The percentage on the value of the silk is infinitesimal; silk is such a valuable article.

13919. I suppose the reason why they do not think it necessary to introduce any system of rebate is that there is really no possibility of the silk being carried in any other way?—Yes, that is it.

13920. They really have an entire monopoly?—There is no need to hold out any inducement.

13921. As they have an entire monopoly in the carriage of the silk?—Yes.

13922. You realise, of course, that the shippers are placed entirely in the hands of the shipowners with regard to rates?—Do you mean in regard to the outward rates?

13923. Whether outward or homeward?—A shipper always would be.

13924. The Conference system, especially when cemented by the deferred rebate, gives the shipowner an entire control over the rates of freight?—Practically. Of course we would be free to charter a steamer ourselves and forego our rebate.

13925. Is that practicable, do you think?—No, it would not be practicable.

13926. Then, taking the matter as a practical matter, you are really within the control of the shipping lines?—Yes, we are.

13927. Only you do not think that they have taken any excessive advantage of their position?—That is the position.

13928. (*Mr. Taylor.*) You say that you are interested in this matter as large shippers of Manchester goods to China for a great many years?—Yes, over 60.

13929. How long have you been in it?—Since 1845.

13930. That is a splendid record?—That is not mine, personally. My own personal knowledge of the trade, in China and here, dates from 1866.

13931. Was there any system of deferred rebate in 1866?—No. The Conference dates from 1879.

13932. Was there no Conference before?—No.

13933. Did the Conference and the deferred rebate come into existence together?—Yes.

13934. Are you sure?—I believe so, unless you have evidence to the contrary.

13935. I submit to you that there was a Conference before there was a deferred rebate system to hold the shippers together?—I suppose you are right.

13936. I understand that during your experience you have always found these qualities of regularity of departures, excellence of service, and steadiness of rates of freight, and that you have nothing to complain of in your experience with regard to those matters?—That is so, especially in the case of Messrs. Holt, who have done more for the China trade than any other firm.

13937. As a matter of fact, the thing has been so regular and so satisfactory throughout, that you never knew when the deferred rebate system came in?—I dare say the records would show, only I am sorry to say I have not looked them up.

13938. So far as you are concerned, you cannot put your finger on a particular point when the service was not regular and satisfactory?—No, I cannot.

13939. Then is it not clear that the deferred rebate system has had nothing to do with it?—It is a private impression of mine that we could do without it.

13940. As far as the essentials given you by a Conference are concerned, this deferred rebate system is really a work of supererogation, and is a thing that is not wanted?—Yes, I might say so.

13941. And really if the shipowners had consulted the trade about it, the trade would have assured them that they could do quite well without putting any such agreement upon the shippers?—Yes, it is quite possible.

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13942. (*Mr. Owen Philipps.*) But still, is it not the case that you are very anxious for the regularity of departures and the excellence of the service to be maintained?—Yes, we should be naturally.

13943. Therefore, in your opinion, it was desirable for the shipowners to take whatever course was necessary to obtain that result?—If the Conference can only be kept together by a system of deferred rebate, of course we cannot quarrel with it.

13944. (*Mr. Taylor.*) The shippers were kept together, and you never used to break away, you were so satisfied, were you not? As I understand, during your experience you never raised any complaint?—There have been attempts made to break away. There was the Mutual Steamship Company which was established.

13945. The China Mutual, do you mean?—Yes; the China Mutual Steamship Company was established about 20 years ago.

13946. Why was it established?—It was established by China shippers with a view to have a service of their own and to keep outside the Conference; but they joined the Conference very soon after, as they found it did not work.

13947. (*Professor Gonner.*) Why was there the desire to break away and form the China Mutual if there was such satisfaction?—There were a certain number of people who were not satisfied.

13948. (*Mr. Taylor.*) I think we gleaned from you that as far as this deferred rebate system is concerned, you never knew when it came in, and it really had so little effect that you are not prepared to say it was ever wanted?—Perhaps, you are putting it rather strong.

13949. I am only putting it as I understood you to put it?—I am sorry I did not look this up, but I was certainly under the impression that it commenced with the Conference.

13950. In your proof you speak of the hardship to shippers homeward; what do you mean; how does hardship arise?—Do I use the word "hardship"?

13951. You speak of "possible hardship"—possible hardship from what?—From the rates being higher than they should be.

13952. Than they should be under what?—Under no Conference.

13953. And under no deferred rebate system?—Under no deferred rebate, and under no Conference of steamship owners.

13954. You have a deferred rebate system homeward from China?—Yes.

13955. And as a result of that, although there is a continual shrinkage in cargo relative to the number of steamers running, rates are still maintained which otherwise would fall?—Which would fall through competition—but whether they would be profitable, I cannot say.

13956. Have you anything to do with the homeward trade?—Chiefly in silk.

13957. That is a detail; the bulk of the homeward trade you have nothing to do with, and it does not interest you, I gather. What about tea?—We used to be very large shippers of tea, but the tea trade has gone down.

13958. I want to know whether your interest is as great in the homeward trade as it is in the outward trade?—It is not in bulk; in value it is.

(*Mr. Taylor.*) I find I must tender you an apology. According to a statement of Mr. Richard Holt, of Liverpool, who is qualified to speak on the subject, simultaneously with the formation of the first agreement in 1879 a rebate circular was issued; so that I think you are right, and I am wrong.

13959. (*Sir Alfred Bateman.*) I gather that you are not connected with any firm of shipowners?—Not in any way at all.

TWENTY-THIRD DAY.

Tuesday, December 17th, 1907.

PRESENT :

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

Lord INVERCLYDE.
The Hon. C. N. LAWRENCE.
Sir HUGH BELL, Bart.
Sir W. T. LEWIS, Bart., K.C.V.O.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
The Hon. W. PEMBER REEVES.
Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. OWEN PHILIPPS, M.P.
Mr. OSWALD SANDERSON.
Mr. AUSTIN TAYLOR, M.P.
Mr. I. H. MATHERS.

Mr. J. A. WEBSTER, *Secretary*

Mr. JOHN MCLAREN, called and examined.

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13960. (*Chairman.*) You are a member of the Institution of Civil Engineers and also of the Institution of Mechanical Engineers?—Yes.

13961. And you have prepared a Memorandum which we may take as your evidence-in-chief?—Yes.

(*The witness handed in the following statement.*)

1. I am a member of the Institution of Civil Engineers and of the Institution of Mechanical Engineers. I am senior partner in the firm of J. and H. McLaren, which has been established for over 31 years in Leeds, as general engineers, and makers of traction engines. I appear on behalf of the Leeds Chamber of Commerce and of the Agricultural Engineers' Association in London. I also speak as an aggrieved trader. The bulk of our manufactures are exported, and we ship, amongst others, to Australia, New Zealand, Argentina, Egypt, Sudan, &c. My complaint is, that shipping rates are too high, and that these unreasonable rates are rendered possible and maintained by the combination of shipowners, who get together as a large trust with the double object of raising prices and stifling competition. One of their most powerful weapons is the system of deferred rebate. I do not wish the companies to carry at a loss, and I know that many shipowners complain that their balance sheets show that their businesses do not pay very well. I can only answer that, in spite of the balance sheets, many of the owners of the big lines amass enormous fortunes.

2. I believe the shipping companies could afford to carry at much lower rates, if it were not for the huge expense of running high-speed steamers for the benefit of passengers and mails, who ought themselves to pay for the services rendered by increased passenger rates; instead of being benefited at the expense of the trader, who has to pay higher rates on his goods in order to supplement the inadequate fares and mail subsidies of the high-speed steamers.

3. As evidence that the rates to Cape ports are higher than they should be, I may mention that they are more than three times the rates to Red Sea ports. Taking Suez Canal dues into account, the service rendered in the one trade will probably be no more costly to the shipowners than the other.

4. The rates to South America by the Conference steamers are 50 per cent. higher than those by outside shippers. We take outside steamers wherever we can

get them. But in some trades, such as the New Zealand market, this is practically impossible, because all the tonnage in this trade is under the control of the "Ring." The rates from Germany and the United States to South Africa are lower than from England, which gives these countries an advantage over our English manufactures. One firm of my acquaintance were so handicapped by these preferential rates that they found it impossible to compete in the South African market. In our experience, the cost of conveying a traction engine from London or Southampton to South Africa amounts to as much as 10 per cent. of its actual value.

5. We find in cases where deferred rebates exist that owners have no hesitation in taking advantage of the ignorance of shippers. In our own case, we shipped for many years by a certain line of Conference steamers without knowing that any deferred rebates were allowed; as soon as we found this out, we applied, and were ultimately allowed the rebate, but the shipping company absolutely refused to make it retrospective for even the shortest period. We also complain that we have no opportunity of judging whether we are having the same treatment meted out to us as is given to other shippers, who may be our opponents. In cases where we have been quoted rates which appeared excessive, we have applied to know if these were the best rates in the ship, but we have been refused the information, and have, therefore, come to the conclusion that other shippers, who might probably be foreigners, were receiving preferential rates.

6. A good deal has been said about the advantage to merchants of steady rates and regular shipments, but I can see no reason why, with reasonable competition, there should be any fear of extreme fluctuations in rates, because the law of supply and demand would come into force, and rates would gradually settle down to a point at which they left a reasonable profit to the carriers, and below which it would pay any shipowner to carry the goods.

7. The arbitrary policy of the Shipping "Rings" is speedily manifested in the case of an outside ship coming on to the berth, and the alacrity with which rates are lowered, in order to squeeze the outside ship off the berth, seems to indicate that there is ample margin for an all-round reduction of rates.

8. The "Dog in the Manger" policy adopted by some of the Shipping "Rings" is well illustrated by a case which I can mention, and which I will give in my correspondent's own words: "The Conference Lines "carry cement, as a rule, to South American ports at "a low rate of freight, but owing to the quantity of "more profitable cargo which has for some time been "offering, the steamship people have refused to book "cement; and when we proposed to charter a steamer "to take our cement (which the Conference steamers "did not want and would not accept), the steamship "people were up in arms, and threatened to cancel "the rebates on our shipments on all classes of goods "if we did so. The unreasonableness of their attitude "is quite apparent, and we need not comment on it. "You may, if you have occasion, use this information, "but we should not like our name to be divulged."

9. In spite of an illustration like this, the merchants are told that they need not abide by the Rebate Agreement any longer than it suits their interests to do so. In the case of a close ring, such a statement is a mere mockery, and in my opinion the action of the Shipping "Rings" amounts to nothing short of a restraint of trade, and I think the shipowners should be limited and controlled in regard to their action, and restrained from combining to the prejudice of the general community.

10. The argument that high outward freights could be justified in consequence of the absence of homeward freight, is not relevant to the question of deferred rebates, because in the South American trade, where the deferred rebate system is in vogue, the homeward freights are far and away greater than the outward freights. In my opinion, the freights should be regulated with some regard to the value of the services rendered. It is absurd to pay 25*s.* per ton from Barrow to Belfast, when goods of similar quality can be carried to Port Sudan for just over one-half.

13962. (*Chairman.*) You are a senior partner in the firm of J. and H. McLaren, a firm which has been established in Leeds for many years?—Yes.

13963. That firm carries on business as general engineers and makers of traction engines?—Yes.

13964. I see that you appear here on behalf of the Leeds Chamber of Commerce and of the Agricultural Engineers' Association in London?—Yes.

13965. Have those two bodies deputed you to give evidence here?—They have asked me to give evidence here.

13966. The bulk of your manufactures, I see, are exported to Australia, New Zealand, Argentina, Egypt, and so on?—Yes.

13967. You are opposed to the present system of deferred rebates, are you not?—Certainly.

13968. But your main objection is this, that the system enables the shipowners to demand excessive rates of freight?—Yes.

13969. Because there is no competition?—Because they control the business by means of the deferred rebate which they hold over.

13970. Why do the merchants and shippers not resist? Why do they not combine and oppose the combination of shipowners?—I do not see how they can make any effectual combination. The shipowners hold the trump card. The only effective combination would be by starting rival lines. Besides, it is a difficult thing to get scattered shippers all over the country to combine; we do not know who are shipping to the Cape, for instance.

13971. Do you consider yourselves at the mercy of the shipowners?—Absolutely.

13972. Why do you say that the freights are excessive?—We find that a non-Conference steamer, for instance, will take goods at a certain rate, which, we presume, pays them; but the Conference steamers insist on probably 50 per cent. more. That is our experience.

13973. Can you give me any examples of that?—Yes. We ship a good deal to the Argentine. The rate to the Argentine by Conference steamers to-day is 35*s.* for our goods; but the rate by the non-Conference steamers is 22*s.* 6*d.*

13974. Is there a Conference line to the Argentine?—Yes; there is a very strong Conference or combination.

13975. Then how is it that persons ship by non-Conference steamers?—In my case we have shipped by non-Conference steamers all along, except when we have been forced to ship by the Conference.

13976. Then you are not at the mercy of the shipowners?—Not in that particular trade.

13977. Why not?—Because we were careful when we started shipping to that country to keep outside the Conference, and they have not got any considerable deferred rebate of ours to withhold. We are occasionally obliged to ship by a Conference ship.

13978. Why cannot others do as you have done in this case?—There are several reasons. We do our own shipping, and we look after the shipments ourselves. If we engaged a shipping agent to ship for us he could not ship by the non-Conference steamers.

13979. You say you have shipped in this case by non-Conference steamers?—Yes, we have for several years.

13980. Who are the owners?—The Manchester Liners.

13981. Is that a regular line?—Yes.

13982. And a line which does not work under the rebate system?—It is a line that certainly quotes less rates than the Conference steamers.

13983. I mean that the non-Conference steamers, the Manchester Lines, do not work under the rebate system, do they?—No.

13984. Have you found their sailings sufficiently regular for your purpose?—Yes.

13985. And their steamers efficient and in good condition?—As good as the others.

13986. I think you say they demand a much less rate of freight?—Yes.

13987. You say you do not wish the companies to carry at a loss?—No, I do not.

13988. You seem to infer from the fact that some shipowners are very rich men, that, therefore, the business of a shipping company must be extremely profitable?—Yes.

13989. Do you think that a fair inference?—I think so.

13990. If in your trade there are some men who are extremely rich, will you allow me to infer from that

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fact that your trade is an extremely flourishing trade?—Well, that would be, certainly, a sort of *primâ facie* evidence that it was.

13991. But it would not be very valuable or very safe evidence, would it?—It would not be proof positive.

13992. In your second paragraph you make an important statement. You think that "the shipping "companies could afford to carry at much lower rates, "if it were not for the huge expense of running high "speed steamers for the benefit of passengers and "mails"; that is, you think they spend a great deal of money upon their passenger service?—Yes.

13993. For which merchants ought not indirectly to be made to pay?—I think not.

13994. Are you of opinion that it is not of very great importance as regards merchandise that it should be carried at that very high speed?—Yes.

13995. You do not think it is?—No.

13996. It may be important for passengers?—Yes.

13997. But it is not important for merchants?—Exactly. It is a well-known fact that it is very costly to run a mail steamer at high speed. The cost of running goes up out of all proportion to the extra speed; and they have got to gross a large sum for each voyage in order to pay for this extra speed. It does not matter to me if my goods take three days longer on the voyage, but it seems to matter a great deal to the passenger, and I contend that he ought to pay for it.

13998. (*Mr. Owen Philipps.*) Do you make traction engines?—Yes.

13999. Do traction engines ever go by steamers of high speed?—They go by just whatever steamer happens to be on the berth.

14000. Have you ever known a traction engine shipped by a mail steamer of high speed?—I cannot recollect at the moment.

14001. You cannot recollect?—No. They go to Southampton to the mail people, and they ship them by whatever steamer suits them. We never ask whether it is a high-speed steamer or a medium-speed steamer; the rate is the same by both.

14002. (*Chairman.*) What kind of goods do you export?—Traction engines, steam-ploughs, and road-rollers.

14003. To all parts of the world?—Yes, practically every part of the world.

14004. Then you say that, as regards South America, you take outside steamers whenever you can get them?—Yes.

14005. But that it is impossible in some cases; for instance, in the New Zealand trade?—Yes.

14006. Why?—Because, so far as I know, the whole of the carrying trade to New Zealand, which is one of our principal outlets, is in the hands of the Shipping Ring.

14007. Could you not engage a tramp?—No, we could not. I do not know of any tramps that go to New Zealand. I may say that to some other countries we occasionally get a tramp, and then we get rates very low, indeed.

14008. Do you mind telling me what the ordinary amount of your shipments is during the year?—Do you mean the amounts of freight or tonnage?

14009. The tonnage?—Perhaps, 1,200 or 1,500 tons measurement, and about 450 tons weight.

14010. What does the freight amount to, altogether?—The freight would probably amount to an average of 30*s.* a ton; that would be about £1,800.

14011. What strikes me as rather curious, until it is explained, is this: You appear here as an aggrieved trader—that is the way that you describe yourself?—Yes.

14012. But you seem to have been particularly lucky in escaping from the grip of the shipowners; you seem to be almost a free man, except in New Zealand?—Almost; but I could not employ a shipping agent to do my shipping for me.

14013. That is a point. If you employed an agent, you would find you would be in a difficulty, then?—Yes; but by looking out and occasionally getting a favourable tramp, as you suggested just now, we get our average rate down, I think. We pay 60*s.* and 70*s* a ton for some of our stuff.

14014. Could not merchants do that also?—I do not know, I am sure; I only understand my own particular trade. I do not know how the dried goods people, for instance, could work it.

14015. You end your fourth paragraph by saying that the cost of conveying a traction engine from London to South Africa amounts to as much as 10 per cent. of its actual value?—Yes, and I might have said a good deal more—to 10 per cent. at least. We had the misfortune to make a bad debt out there a little while ago. We had an engine deposited with a firm on sale or return; the value was about £900. When these people failed, the trustee offered us our engine; but rather than face the expense of taking it down to the coast and paying freight home, we told the trustee he could keep the engine and we would prove against the estate for it; and it was a £900 engine.

14016. If shipowners did that generally, they would be cutting their own throats, would they not?—I think they do cut their own throats in a good many cases. I think if the Conference steamers were a little more reasonable, there would not be any outside ships.

14017. There would not be what?—There would be no considerable outside competition.

14018. Is there any peculiar difficulty in the carriage of traction engines?—There is a little. Some of the cases are rather heavy, but then, of course, there is a very large addition to the rate of freight on that account. Assume that a case under two tons costs 35*s.* a ton for freight, that from two tons to three tons it would be raised to 45*s.*, and from three tons to four tons, 55*s.*, and so on, till we pay as much as 108*s.* per ton for some of our stuff.

14019. (*Sir John Macdonell.*) They are special charges for heavy lifts, are they not?—No, they are not charges for lifts; I would not object to that. They charge a rate per ton on the heavy weights.

14020. (*Sir Alfred Bateman.*) That is on account of the difficulty of shipping and landing, is it not?—No. As Sir John Macdonell suggested, the only question that would arise in the case of the shipping and the landing would be the lifting.

14021. But would not that be the difficulty?—Yes; and we would not object to pay for that.

14022. Do you think you pay too much for it?—Yes. Take a case weighing perhaps 4 tons and measuring 12 tons; you probably pay £1 per ton extra on the whole of the 12 tons, that is, you pay £12 for lifting that case, because there is nothing else but the lifting to be taken into account.

14023. (*Mr. Owen Philipps.*) Have you ever seen a heavy weight being put in or taken out of a steamer?—Yes.

14024. Have you ever noticed that the whole of the work in that hold will be stopped, and that the gear will be changed, and heavy gearing will be necessary, all this causing much delay?—No.

14025. You have not noticed that?—I presume you understand the business. What they usually do, you know, when they are loading a ship with heavy cases, is to put them all together in a barge, and have them ready so as to lift them all in together. They do not load 10 cases, say, of 2 tons, and then make special arrangements to put in one case of 12 tons, and then go on with the small stuff again. They load the small stuff usually, and lift the big cases in all together.

14026. Suppose there is only one big case that belongs to you that goes down to the ship; have they not got to stop the whole work of the ship at that hold while they are putting that one big case in?—Yes.

14027. And very often to alter the loading gear?—Not very often. I do not know, but the master stevedores that I have seen have generally been very careful about having all their big cases together.

14028. (*Chairman.*) You export to a great many countries, do you not?—Yes.

14029. Do you find the rates of freight to all those countries very high?—There is an extraordinary variation in the rates. We have shipped to the Red Sea ports at 13*s.* per ton, and we have shipped to the Cape, for instance, at 35*s.* and 37*s.* 6*d.* That is more than twice the rates for practically the same

service, because I consider if you take the Canal dues into account, that the services rendered in the one case are as costly as in the other.

14030. There is a passage in paragraph 5, and I just want to know whether you lay much stress upon it. You say, "We find in cases where deferred "rebates exist that owners have no hesitation in "taking advantage of the ignorance of shippers"; and then you give us a case—one of your own cases—in which you shipped goods for many years without knowing of this system of deferred rebates?—That was so.

14031. Then afterwards you claimed a return, and that was refused?—Yes.

14032. You had not heard anything of the system of rebates there?—No. We did not know there was any rebate in that trade at all.

14033. In what trade was it?—I would rather not say.

14034. If you will write down the name of the line of steamers on a piece of paper, we will take care that it is not published?—Thank you. It will not go beyond the members of the Commission, I hope. (*The witness wrote the name down, and handed it in.*)

14035. Certainly not. There is nothing on the bill of lading with reference to the deferred rebate, is there?—I never saw anything. Before you can have your deferred rebate, you have got to sign the Conference agreement binding yourself not to be interested either directly or indirectly in any shipments except those by the particular lines whose names are mentioned in the agreement.

14036. You had not really, for one or two years, heard of that at all?—In this particular trade I had not.

14037. Have you any reason to believe that that would often happen in that trade?—I believe that anybody who does not know, and who does their own shipping, would never get the rebate.

14038. I see; you conduct your own shipping, and do not do it through a shipping agent?—Yes, that is so.

14039. We have been told that this system has certain advantages. The shipments are more regular under this system, are they not? The evidence before us really seems to show that; do you not think that that is so?—Certainly; the Conferences generally arrange for a regular service.

14040. And that is some advantage?—It is some advantage.

14041. As regards the rates, are they not more steady under this system than they were when the system did not exist?—They keep very steady as long as there are no outside ships on the berth; then they very quickly vary.

14042. Then they fall very much, do they?—Yes, but I have only had the luck once to get that.

14043. So if the system were effective, I mean to say, if it attained its object and prevented shipments by outside steamers, then freights would be steady, but they would be high, you think?—They would be steady, and they would be high.

14044. I think I am right in inferring from your evidence that your main complaint is this: That this system of rebates places you at the mercy of shipowners, and that in consequence of that they demand excessive rates of freight?—That is my point.

14045. You give two instances in paragraphs 7 and 8 which do not require any explanation, I think. You assert that the freights are too high, and you have found that by doing your own shipping business and employing other steamers?—Yes. I mean to say that the freights are so high that they interfere with trade.

14046. I will just refer to an instance which you give in your last paragraph. You say, "It is absurd "to pay 25*s.* per ton from Barrow to Belfast when "goods of similar quality can be carried to Port "Sudan for just over one-half"?—Port Sudan, perhaps, is not a fair comparison, but we might say Alexandria. The Conference rate from Liverpool to Alexandria is 15*s.* per ton, and the rate from Liverpool to Belfast is about 25*s.* for our goods.

14047. (*Lord Inverclyde.*) And to Barrow?—Yes; all the western ports have the same rates.

14048. (*Mr. Sanderson.*) What class of goods?—Traction engines.

14049. Traction engines are carried for 15*s.* a ton to Alexandria?—Yes.

14050. You said 15*s.*, I think?—Yes, I did.

14051. Are you not wrong?—No, I think not.

14052. (*Lord Inverclyde.*) Perhaps you will tell us what these rates include?—They include shipping at the one end, and landing at the other.

14053. Is it not the case that the rate to Belfast includes dock dues at both ends?—Certainly.

14054. And that the rate to Alexandria does not include dock dues?—I do not know. We do not pay the dock dues extra in any case. The rate is an inclusive rate.

14055. In the one case, but not in the other?—In every case.

14056. Are you absolutely certain of that?—Certainly.

14057. That the 25*s.* rate to Belfast includes dock dues and that the 15*s.* rate to Alexandria also includes dock dues?—I do not think we pay any dock dues at Belfast in addition to the 25*s.* As you put it to me in that way, I cannot say we do not absolutely pay any dock dues, but I do not think so.

14058. What I think is the case is that the 25*s.* rate includes dock dues, and the 15*s.* rate does not?—The 15*s.* rate includes landing on quay. We have nothing to do with the dock dues at all.

14059. (*Chairman.*) I just want to make this clear; in neither of these two cases which you mention does the system of deferred rebates prevail?—That is so.

14060. So that this really only proves that, quite independently of the system of deferred rebates, freights vary in what you consider a capricious manner?—Yes.

14061. (*Lord Inverclyde.*) Your chief business is as a maker of traction engines, I understand?—Yes, certainly.

14062. And you export about 450 tons weight of those in the year?—Yes.

14063. Is that a large British industry?—My firm is only a small one in comparison with some of the other members of the Agricultural Engineers' Association; and although we export, say, 450 tons dead weight, that does not at all represent what is exported by the members of the Agricultural Engineers' Association.

14064. Could you tell us what that amounts to?—I have not the least idea.

14065. What is the object of that Association?—It is an Association of Agricultural Engineers who are interested in watching the interests of the trade of agricultural engineering.

14066 Does it have anything to do with prices?—No.

14067. Have you no arrangements amongst the makers as to the prices at which you sell traction engines?—Not that I am aware of.

14068. What is the weight of one of your shipments at a time?—My shipments vary from 5 to 60 tons.

14069. How many engines would that represent?—Five tons would represent a small steam road-roller, and 60 tons would represent a pair of ploughing engines and the necessary implements.

14070. Then the maximum shipment of your make at one time is 60 tons?—Yes.

14071. How do you manage to get a tramp steamer to take your 60; I mean how does that tramp steamer make up the rest of her cargo?—One case I remember was a coal or coke steamer—a coal steamer, I think—going from Newcastle to Algiers. We sent the stuff down there, and then loaded it on top of her other cargo.

14072. In cases?—Yes.

14073. You cannot depend upon that always; that must have been a chance?—Yes, I said it was just quite a chance.

14074. And you cannot often do that?—No.

14075. Do you find any difference in the cost of insurance between going in a steamer of that class and

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going in a liner?—Nothing appreciable. The insurance is not a big thing on these shipments of ours.

14076. Do you sell your goods at a price delivered at the foreign port?—We are selling all ways, sometimes f.o.b., sometimes c.i.f.

14077. Sometimes you pay the freight, and sometimes you do not, then?—Yes.

14078. What proportion does the freight bear to the cost of the finished article?—It depends on the market, of course, but say it is for the South African market, then the freight is from 10 to 12½ per cent. on the value of the engine itself.

14079. (*Sir John Macdonell.*) On the price at the coast out there, or on the price in London?—On the price at the port out there.

14080. (*Lord Inverclyde.*) On the delivered price at Cape Town?—Yes.

14081. In this case where you shipped in a coal boat, who got the advantage in the freight; did you?—I did, because I sold delivered on quay at Algiers.

14082. Is yours an industry which is competed for by foreigners?—In some markets, very much. They have the biggest share of the Argentine market, for instance, and they did have it exclusively.

14083. (*Chairman.*) What foreigners have?—The Americans had the whole of the traction trade really in the Argentine until a few years ago.

14084. (*Lord Inverclyde.*) Have we now got the greater part of the business?—No, but we have got a good slice of it.

14085. How has that come about?—Because they found out that the Yankee machines would not stand as the English ones would.

14086. Do the British ones get a better price than the American?—No, we do not get a better price; we have to sell at the same price, but we can get the preference.

14087. What difference in the price would you say the freight would make? Supposing you got the freight reduced to what you wanted it reduced, how much difference would that make in the price?—It might make a difference in the profit.

14088. What is the value of a traction engine?—The value of those traction engines that we send to the Argentine is about £510 apiece, packed and delivered f.o.b.

14089. It would make them about 5 per cent. cheaper then, would it?—Yes.

14090. Do I understand that it is only the deferred rebate that you object to, or is it also the Conference system that you object to?—One cannot object to the Conference system; what I do strongly object to is the deferred rebate.

14091. Would you recommend that the Government should be asked to make deferred rebates illegal?—Certainly.

14092. You do not see any objection to Government interference in a thing of that sort?—Of course, I do not like Government interference, but I think this deferred rebate is an immoral system altogether, and should be put down by the Government.

14093. You would not like the Government to interfere in the price of your traction engines, would you?—They interfere with me in lots of things that I would like to do.

14094. Not in prices?—Not in prices.

14095. You would not be afraid of suggesting this new idea, would you?—Which new idea?

14096. That the Government should interfere in regulating prices?—It is not a new principle at all; the Government interferes in every trade.

14097. As regards prices?—Not as regards prices, perhaps.

14098. So this would be a new idea?—No, I do not see that it would. It does not interfere with prices. It is a vicious principle of conducting business, which I think the Government would be perfectly entitled to interfere with.

14099. It is a form of bargain between two sets of usiness people, is it not?—No; there is no bargain bout it.

14100. (*Mr. Lawrence.*) You state that you ship your manufactures to all parts of the world?—That is so.

14101. In what countries are you most affected by the action of the Conference steamers?—South Africa, New Zealand, and the River Plate are three of our big markets; or rather South Africa used to be, I am sorry to say, but it has not been much lately.

14102. That is owing to the general conditions of trade there, is it not?—Yes.

14103. New Zealand is a very small market in any case, is it not?—New Zealand is a very good market for us; it takes a large quantity of our stuff.

14104. Do you think, without the Conference steamers, there would be the same facilities for shipping to each of those three countries?—I do not suppose there would be the same regularity, but we should get as many steamers as the trade warranted.

14105. Do you think there would be no difficulty about it?—I do not think so.

14106. You speak of unreasonable rates being charged by the steamers?—Yes, I do.

14107. What do you consider as unreasonable rates? Who is to settle what is an unreasonable rate?—I think the classification should have some regard to the value of the product, and that there should be a fixed rate on certain classifications in the different trades.

14108. Then do you object to the rates at which certain goods are classified?—Certainly I do object to those; but I also think that after having stifled the opposition, the Conference steamers have been able to demand, and have secured, very much higher rates than the equivalent of the services rendered.

14109. Do you not think they would also be careful not to stifle the trade which produced those rates?—I do not know.

14110. Would not common-sense dictate that? If they charged too high a rate they would stifle the trade, and the trade would cease to exist, would it not?—I do not know—I do not think so. But that is a question for the shipping people to settle amongst themselves. I know that when an outside ship comes on, there is a cut-throat policy inaugurated at once. I think that mere fact is a sufficient answer to your observation.

14111. You stated, in reply to Lord Inverclyde, that you think Government, or Parliament, should do away with deferred rebates; do you think that Parliament ought to be allowed to adjust rates?—No.

14112. Then how are they to be adjusted, except by the mutual consent of shippers and shipowners? What do you suggest?—I suggest that the powerful weapon which the Conferences have now should be taken away from them, and that we should have, as you say, mutual agreement; but there is no mutuality in an agreement which is forced down your throat.

14113. (*Chairman.*) You wish deferred rebates to be declared illegal, in fact?—Yes.

14114. (*Mr. Lawrence.*) Do you maintain that, quite irrespective of whether they stifle the trade or not, shipowners practically dictate the rates?—Yes.

14115. Without any regard to what the produce will bear?—Yes, having regard only to their own interests.

14116. You say in paragraph 4 that the rates from Germany and the United States to South Africa are lower than from England?—That is so.

14117. Can you quote instances?—Yes.

14118. Are the conditions precisely the same; that is to say, are the loading and landing charges the same in each case?—Yes.

14119. The conditions of service are precisely the same?—I cannot say that the conditions of the steamship service are precisely the same.

14120. That is what I am speaking of?—I mean to say that the effect upon the trader in the United States and in England is that the man in the United States has the preference.

14121. The man in the United States?—Yes. I will give you an instance of that. There is a firm in my trade who do a large milling business, that is, they make machinery for making flour. They were cut out of the South African trade absolutely.

14122. By the low rates quoted abroad?—By the advantages given to the shippers in the United States.

14123. (*Mr. Owen Philipps.*) Are they back in the trade now?—They have never been out of the trade, but I do not know whether they are shipping to South Africa or not—I should think not.

14124. (*Mr. Lawrence.*) Could you quote the rates given from the United States or from Germany?—No, I cannot quote them.

14125. But you state as a fact that they were lower?—Yes.

14126. And under precisely the same conditions?—Yes.

14127. (*Chairman.*) Have not the rates been levelled up now from America?—I do not know what has been done quite recently; there has been an alteration in some of the rates, I believe.

14128. (*Sir William Lewis.*) I take it, that what you object to, is the effect of Conferences upon your competitive power with other manufacturers in different countries?—Yes.

14129. And you think doing away with them would enable you to compete better than you do now?—I think it would; that is, I think it would have the effect of lowering rates. That is why I would like this deferred rebate system abolished.

14130. (*Sir John Macdonell.*) You appear, I understand, on behalf of the Leeds Chamber of Commerce and of the Agricultural Engineers' Association?—Yes.

14131. Do you know whether both or either of these bodies, has passed any resolution on the subject of deferred rebates?—I believe the Leeds Chamber of Commerce has, but I do not think the Agricultural Engineers' Association has.

14132. What was the resolution passed by the Leeds Chamber of Commerce—was it favourable or unfavourable?—I cannot give it to you.

14133. You cannot tell us?—No.

14134. You state in paragraph 3 of your Memorandum that there are cases known to you in which the rates to the Cape ports are more than three times the rates to Red Sea ports?—That is so.

14135. Would you specify the Red Sea ports that you have in your mind?—I had Port Sudan, in my mind. I ought to say that the rates have gone up there since this draft was written.

14136. I will take the facts as they were when this draft was written; we will come to the change by-and-by. The first port you had in your mind was Port Sudan?—Yes.

14137. What were the other ports?—Only Port Sudan.

14138. Then when you said the Red Sea ports, you meant only Port Sudan?—Yes.

14139. And the particular commodities which you had in your mind were traction engines?—Yes, and steam-ploughing machinery.

14140. The rate to Port Sudan, I think you told the Chairman, for traction engines was 13*s.* per ton?—We have shipped at 13*s.* to Port Sudan.

14141. How long ago was that?—Within the last two years.

14142. By what lines?—The names of the ships, I think, mostly end with "dale"; I think they are what you would call the "Dale" ships.

14143. (*Mr. Owen Philipps.*) There was the British East African Line, owned by the Messrs. Laing, of Sunderland, and their ships' names end in "dale"?—It might be that line, if their ships are called "Dales."

14144. (*Sir John Macdonell.*) At present you cannot recollect?—No, I cannot.

14145. But you are clear that the rate charged was 13*s.* per ton?—Yes, within the last two years.

14146. To what part of South Africa were you referring when you spoke of the rates being three times as high?—We shipped to Durban mostly, I think.

14147. By the west coast or by the east coast?—By the west coast.

14148. And the rates that you are now comparing is the rate for traction engines of 13*s.* with the rate for traction engines of 35*s.*?—And upwards.

14149. To Durban?—Yes. You see, that 35*s.* is the basis rate, but the cases over two tons weight are taken at a higher rate.

14150. I will come to that point. Are you clear that the Port Sudan rate included anything which is included in the Durban rate; for instance, are landing charges included?—No, I am not clear about that, but I have the impression that it did include those.

14151. You are not certain, however?—No.

14152. It may be that the 35*s.* included the landing charges?—Undoubtedly, that did.

14153. These landing charges at Durban are not inconsiderable, are they?—I do not know.

14154. Do you not know what they are?—No.

14155. You mentioned parenthetically that a change had lately taken place in the way of levelling up the Port Sudan rates?—I think so.

14156. To what extent?—I cannot really tell you what the rate is to-day, but it is higher, I know.

14157. You told one Commissioner that the rates from Germany give that country an advantage over English manufacturers. I gathered also that you were not aware whether that difference at the present time exists?—No; but it existed within the last six months.

14158. Do traction engines, to any large extent, come from Germany?—No, but agricultural machinery does.

14159. Do you also export to a certain extent agricultural machinery?—My fellow members of the Agricultural Engineers' Association, for whom I speak, do largely.

14160. But so far as your particular trade is concerned you have no experience of these differences?—There is not much export of traction engines and steam-ploughs from Germany; there is some, but it is not considerable.

14161. Small or great, is the rate from Germany much the same to your markets as the English rate?—It is lower. I cannot quote you a special instance, but I do know that some German agricultural machinery——

14162. I am talking of traction engines at the moment?—Traction engines are a negligible quantity.

14163. So far as you know of any instances in which traction engines are exported from Germany, is the rate the same as the English rate?—I cannot tell you.

14164. With reference to the question to which you have adverted, of the high charges demanded in the case of heavy traction engines, I am not quite sure that I understand your position. I put it to you, whether the extra charge was not for heavy lifts, and you rather demurred to that?—Were you speaking then of the Irish traffic, or what?

14165. I am speaking now of what I understood you to be chiefly speaking of, namely, the South African traffic?—Would you repeat your question, then, please?

14166. You complain of extra charges for moving heavy traction engines?—Yes—heavy cases.

14167. Of what line are you now speaking of—of a Conference Line to South Africa?—Yes; we have never shipped by any lines except the Conference Lines to South Africa.

14168. I believe the charge to South Africa is for heavy lifts, over two tons and up to a weight of five tons, an addition of 5*s.* for each half ton, and for heavy lifts over five tons an addition of 5*s.* per ton?—Yes, that is so.

14169. Is that the rate you complain of?—Yes. That is 25*s.* per ton.

14170. Are you aware what are the charges for heavy lifts made by other lines, whether Conference Lines or not?—Do you mean in other trades?

14171. No; I am still confining my attention to traction engines?—Yes.

14172. Do you know the rates charged for heavy lifts by other Conferences than the South African Conference?—Yes—by the New Zealand Conference, for instance.

14173. Is the rate there the same, or much the same?—The rate is much the same, and the charges go up in something like the same proportion.

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14174. Have you in your mind any comparison of the charges for heavy lifts made by vessels not within the Conference?—I will take as an instance the Algerian business which I gave. There we simply paid a certain all-round rate.

14175. Would you particularise that a little more? What was the particular shipment, and where was the shipment sent from?—It was steam-ploughing tackle, weighing, probably, something over 40 tons dead weight.

14176. By what line was that shipped?—I cannot tell you. It was a coal boat that we got down in the north, but I could not tell you, without special reference, either the name of the ship or to whom it belonged.

14177. Have you, from your experience as a shipper of traction engines, any case present to your mind, other than that which you have mentioned, in which a lower rate for lifting heavy lifts was charged than that which you have described?—No. We frequently get a lump-sum rate to cover the whole of the weight or measurement, and they take their own steps for loading and discharging. For instance, we send a specification, and ask them either for a rate per ton or a lump-sum rate for the whole lot, and we sometimes get it in the shape of a lump-sum rate.

14178. In paragraph 5 you refer to a shipping company absolutely refusing to make the rebate arrangement "retrospective for even the shortest period"; passing over the name, as for present purposes of no consequence, may I ask why you did not sue for the return of the rebate if you had fulfilled all the conditions?—That never occurred to me, to tell you the truth, but now that suggestion has been made, I think I should hesitate a good while before I went to law with a powerful steamship company.

14179. (*Chairman.*) Does not the rebate circular say it must be claimed within a certain time?—We were outside the period.

14180. (*Sir John Macdonell.*) That is the explanation—you were outside the period. In your view, the deferred rebate ought to be declared illegal?—I think so.

14181. And your ground, as I understand it, is that practically this is not a contract between two persons contracting on an equal footing?—That is so.

14182. But it is a contract entered into between one person who has practically nothing to lose, and another person who has some large amount to lose if he does not assent to the terms; that is your view, is it?—No, I do not quite put it that way.

14183. Put it as you would like to put it?—I object to the deferred rebate, because it does away with any mutuality between the parties. I have no chance whatever to make a bargain with the Conference—that is, assuming that they hold £1,000 of my deferred rebates—because they can simply say, "Well, you go "and take an outside ship and forfeit your deferred "rebates."

14184. In other words, they have always, or at least in many cases, the hold of a penalty over you?—Yes; but it is not proper to call it a penalty.

14185. There, again, let me have the correct description of it?—I am not prepared with a definition at the moment; but it puts them in the position to dictate their own terms to me.

14186. When you say you would have the rebate declared illegal, do you mean that the merchant or the shipper should be enabled to recover the rebate or part of the rebate, the letter of the contract notwithstanding?—Yes; but if the rebate were declared illegal you could make no contract including a deferred rebate.

14187. That is a question more of form than of substance; at all events, is that what you mean—that you should be able to recover the deferred rebate?—There is no question about recovering the rebate; the shipping people would return the rebate right enough.

14188. Do you mean that the parties to such a contract should be punished?—No; I mean to say that all such contracts should be void in future.

14189. How is that declaration of voidness to be enforced?—There would be no difficulty in enforcing an agreement which was illegal.

14190. But if there is no difficulty in doing so, would you explain how, if it is to be enforced, there is to be no punishment?—I said the reverse of what I meant just now. I said there would be no difficulty in enforcing an agreement if it was illegal; I meant to say, you could not make an agreement that was void under the law.

14191. But if the parties had entered into the form of the agreement, what then is to happen?—Up to the time when the alteration is made they go under the old system, and when the new law comes into force they begin afresh.

14192. I will endeavour again to make my question clear; no doubt it is my fault that it is obscure. Supposing that the parties go through the form of such an agreement, which the law declares to be void, what is then to happen to them? Are they to be punished for entering into that agreement?—But they could not enter into an agreement, and if they did such an agreement would be void.

14193. Now, in reference to this Argentine Conference, you, as I understand, are able to ship your goods at 22*s.* 6*d.*?—Yes.

14194. But the rate charged under the Conference is 35*s.*?—Yes.

14195. Are any other people able to avail themselves of the 22*s.* 6*d.* rate?—I suppose they are, if they are not tied down by the deferred rebate.

14196. Are there a large number of people in your trade or in similar trades shipping at the lower rate?—I do not know. There are a large number shipping to the Argentine, but I do not know what rates they are shipping at.

14197. (*Mr. Sanderson.*) You were good enough to tell the Commissioner, who last examined you, that you believe the Leeds Chamber of Commerce and the Agricultural Engineers' Association have passed some resolutions in favour of your giving evidence before this Commission, and yet you are unable to present us with those resolutions?—No, that is not it.

14198. Were you present when those resolutions were passed?—No. You are asking me a different thing altogether. Sir John Macdonell asked me if the Leeds Chamber of Commerce and the Agricultural Engineers' Association had passed a resolution against deferred rebates, and I said that the Leeds Chamber of Commerce had, but the Agricultural Engineers' Association had not, so far as I know. I have been requested by the secretary of both these Associations to come here to-day.

14199. Have these Associations had an opportunity of reviewing the draft evidence that you have presented here?—It has been sent to the Secretary of the Leeds Chamber of Commerce.

14200. But it was not laid before the Chamber as a whole, so that you are not able to present this evidence as the views of the majority of the Leeds Chamber of Commerce; is that it?—That is so. I present them as my own.

14201. As your own personal views?—Yes.

14202. Thank you, that is the main point—this represents your personal views?—Exactly.

14203. You say that you do not wish the companies to carry at a loss, and so forth and so on?—Yes.

14204. But you assume that the rates, for instance, that you are getting from outside shipowners must be profitable or are profitable to them?—Yes.

14205. You mention the Manchester Liners to the Argentine; it seems quite recently that I had the account of their annual working for the year, which is available to all of you; surely you would not call that a profitable enterprise at present?—Some people seem to do very well out of it.

14206. I will pass on from that, if I may. In paragraph 2 you seem to infer that the rate on your traction engines and ploughs has been affected by the steamship companies paying too much attention to His Majesty's mails and to the carrying of passengers; surely, you are aware that fast and expensive steamers are necessary, not only for mails and passengers, but for perishables, refrigerated produce, and all kinds of valuable articles, and that that cannot possibly have any bearing on your traction engines?—Surely it must. The managers of these lines are naturally anxious to

make as good a dividend for their shareholders as they can. They give these perishables and the mails and the passengers a preference, or rather they carry them at a huge expense, and they make the slow traffic pay for it.

14207. I just want to get your views on that point; that is your opinion?—Yes.

14208. Is it based on any information which you have yourself?—It is based on observation. One knows as an engineer that the cost of running a fast steamer goes up out of all proportion after, say, 12 knots. It is a pity that the traffic which does not benefit by that extra cost and extra speed should have to pay for it.

14209. Do you know of, or can you give, any single instance where the articles which you export—traction engines—go by these passenger steamers; do you know as a matter of fact that they do?—No, I do not.

14210. Will you take it from me that no one single traction engine goes on these high-class 16- and 18-knot passenger steamers, but that they go on cargo boats?—I suppose they would take them by intermediate steamers.

14211. I suppose there is no such thing as combination among you manufacturers for prices?—No; I wish there was.

14212. You sell your produce in foreign countries at the best price obtainable in those countries?—Yes.

14213. Irrespective of distance carried?—Yes.

14214. But you get the best price you can for your article?—Yes, we get the best we can.

14215. That is quite right. You do not object to the shipowner getting the best he can, do you?—Not by fair means.

14216. Thank you. You have also mentioned that you know to-day that Germany and America are taking goods from your competitors at lower prices?—Yes.

14217. Are you sure that is the case to-day?—No, not to-day; but when that draft was written it was.

14218. You have mentioned two places, Port Sudan and Alexandria, and I think you compare the Alexandria rate with the rate by steamers running to Barrow from Belfast. On what article that you ship does the Barrow and Belfast line quote you 25*s.* per ton; what are the weights of the goods, and what is the classification?—I do not know the classification. I am speaking of ordinary traction engines on four wheels.

14219. Weighing about what?—Weighing, say, 10 tons.

14220. And you say you can ship from Liverpool to Alexandria a traction engine weighing 10 tons for 15*s.* per ton?—That is in cases.

14221. They are not on all fours, then, surely. It is not fair to compare Alexandria with Barrow, if, on the one hand you ship a traction engine whole on wheels, and on the other, you ship it all broken up in small packages? Surely there is not any comparison per ton weight there?—Why not?

14222. Because it costs more to handle the big piece?—I do not see that. There is no trouble in handling a traction engine. The engines are just lifted on deck at Liverpool and lifted off at Barrow.

14223. You do not mean to tell this Commission that there is no more expense and risk in handling a 10-ton traction engine on or under the deck of a ship and in loading 1-ton or 2-ton cases into the holds?—No; but what I wish this Commission to know is that the extra rate which is charged is out of all proportion to the extra trouble involved.

14224. That is your opinion?—I know it.

14225. You are quite entitled to say that?—I know it, as a practical man.

14226. You state that the rate from Liverpool to Alexandria was 15*s.*, and the rate from Barrow to Belfast was 25*s.*, but you admit that the Barrow to Belfast rate covers landing charges, as you said, you paid nothing for landing charges?—Yes, I think it includes landing charges.

14227. Are you aware where these heavy lifts in the Alexandria trade have to go to, in comparison with those in the Barrow trade—these locomotives, or traction engines, or things of that sort?—Yes.

14228. As a matter of fact, they are landed at the quay, and there is a charge of 2*s.* 6*d.* for lighterage and 1*s.* 6*d.* for cranage?—Possibly.

14229. So that would be 4*s.* per ton to go on the top of your tonnage rate?—Yes.

14230. So we are getting nearer parity, though I admit the steamer's rate is greater?—Yes.

14231. I suppose there is no competition in the Barrow service?—There is competition between Liverpool, Fleetwood, and Barrow.

14232. Are they all competing with one another?—Yes.

14233. Have they no agreement with one another?—I do not know, but I should think there is one.

14234. Are the rates different from Liverpool and from Barrow?—They are all the same. I am not sure there is not an understanding.

14235. You think there must be?—There is sure to be.

14236. These are railway-owned steamers, are they not?—Yes, or railway controlled, any way. The City of Dublin is not a railway-owned line, is it?

14237. I do not know?—I do not know either.

14238. Speaking personally of your shipments, have the rebates interfered with your freedom of action?—No, but the Conference has.

14239. Would you say that the deferred rebate has never interfered with your freedom of action?—We have to sacrifice our rebate if we ship outside.

14240. To what extent?—To no very great extent.

14241. As a matter of fact, in comparison with your business, it has not really affected your freedom of action?—Me, personally?

14242. Or your firm—your evidence is personal, you say?—I would not go so far as that. I am absolutely in the hands of the shipping people both in South Africa and in New Zealand, so there is not much freedom there.

14243. Are you able to give this Commission any instance from your personal knowledge where you have been debarred from doing business, or where you have been cut out of business by the steamship rates of freight from England, as compared with the rates of freight from Germany or America—in recent times, since the agreement between the companies?—I can tell you that within recent years, as I have mentioned to one of the Commissioners, we had that one firm who were making milling machinery positively kept out of the trade.

14244. I am coming to that. The Commission is well aware that in recent years there has been a very severe and keen fighting competition between certain English lines and certain American lines running from the United States to South Africa?—That is so.

14245. But those conditions are removed at present, are they not?—Yes.

14246. And they are more on a parity?—And I am very glad to hear it.

14247. (*Mr. Barry.*) I suppose that the Leeds Chamber of Commerce, like other Chambers of Commerce, is made up of sections representing the different industries?—It is made up of a large number of industries.

14248. There would be a section representing the woollen manufacturers, I suppose?—I do not know that there is.

14249. Have the woollen manufacturers, who, I suppose, form a very important branch in Leeds, taken any steps at all, or passed any resolution bearing upon the question of deferred rebates?—I have not heard of any.

14250. In your recollection have freights increased much since the introduction of the deferred rebate system?—I think they have. I cannot quote figures, but certainly we are paying more for our shipments both to South Africa and to New Zealand than we did 15 or 20 years ago.

14251. Can you say from your own experience whether the rates of freight in the Conference Lines

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have increased in a greater proportion than the rates of freight on tramp steamers?—Certainly, I think so.

14252. They have increased?—Yes.

14253. In a greater proportion than the rates on tramp steamers?—Yes. I am not prepared to give you figures to prove that, but I am giving you my impression.

14254. Is any notice given by the Conference Lines of the advances that have taken place in freight?—No official notice is given. We are in the habit of writing every now and again to ascertain what the rates are to special ports.

14255. But there is no intimation sent of any advance, and the advance has been made arbitrarily and promptly?—Yes. We had a circular a short time ago from the South African Conference, but with that exception I cannot remember any other notice that we have ever had from any of the Conference Lines preceding a rise in freights.

14256. When an advance is made in freights, does the effect of it work something in this way—that you were entitled to a certain amount of rebate under a 20*s.* rate, the rate was then advanced to 25*s.*, then you had a breach with the shipping company, and in consequence of that breach you forfeited the rebates which were due to you under the 20*s.* rate?—I do not suppose so. Why should we?

14257. Is it the case, I am asking?—Our rebates have always been a certain percentage on the amount of our shipments.

14258. Let me put the question again. Supposing you were entitled to a certain amount of rebate on your freights under the 20*s.* rate, and then without notice the shipping company advances freights to 25*s.*, you demur and you send your goods by an outside steamer rather than pay the 25*s.* rate; do you then forfeit all the rebates which had been due to you up to then?—Absolutely.

14259. You do?—Yes.

14260. Absolutely?—Yes. That is how I understand the agreement; and I should never think of asking for the rebate under those circumstances.

14261. Would it modify your view on the question of deferred rebates, if it were made obligatory to give notice of advances in your freight?—No.

14262. Your view would still remain as strong as you have already expressed it?—Yes.

14263. I think you said, in reply to a Commissioner, that the traction engine trade in the Argentine was almost entirely in the hands of the United States manufacturers?—I said that it was almost entirely, but now the English are getting a good share of it.

14264. In spite of the difference in freights?—Yes. It is not a question so much of freights.

14265. You mention in paragraph 4 that the rates from Germany and the United States to South Africa are lower than they are from Great Britain; do you happen to remember whether the rate from Germany is a rate from some inland manufacturing centre, or from a shipping port?—I have made inquiry both in Germany and in the United States, and the result of my inquiry was that the rate from the shipping port in Germany to the destination was lower than the rate from our shipping port to the same destination.

14266. It is a rate from a shipping port, then?—Yes.

14267. And that was actually lower?—Yes.

14268. The reason I put the question is that we have had evidence that the rates from German inland manufacturing centres were the same as from the shipping port, owing to some arrangement with the State Railways in Germany?—Undoubtedly the German manufacturer enjoys tremendous advantages in the matter of railway traffic inland.

14269. Do I understand that your statement is that a Conference liner will carry goods cheaper from Hamburg, say, than from London?—No, I did not say that, but I think it is true. What I said was that there were lower rates from Germany to South Africa, say, than from here to South Africa.

14270. Whilst believing the statement to be true, you cannot give the Commission any specific case?—No, I cannot.

14271. In paragraph 5 you make the statement that you shipped for a considerable time by a Conference steamer in ignorance of the fact that there was any deferred rebate in existence?—That is so.

14272. Might I ask if during that time you shipped to that particular market by any outside steamer?—No, not at all.

14273. So that you regard the sacrifice and the loss of your deferred rebate in that case as a very arbitrary act on the part of the shipping company?—Yes. It was not a very nice thing, I think.

14274. Assuming that deferred rebates were to continue in future, would it be an advantage to have the rebate indicated on the face of the bill of lading?—I do not think it would.

14275. Everybody would know then that there was such a thing as rebates?—Yes, of course.

14276. In that same paragraph there is a rather remarkable statement that you can get no information from the shipping companies as to whether you are getting the best terms, or not?—That is so.

14277. Does that statement refer to an isolated case, or is it the general rule that such information is refused?—It was an isolated case. We have asked for information, and we have got it; we have been told that it was the best rate in the ship.

14278. You have been told that you have the best rate in the ship?—Yes; but in this particular case we applied to a shipping company that we do a considerable business with, and we could not get any satisfactory assurance that it was the best rate in the ship.

14279. But you are not in a position to say that the information is generally refused?—No, and I do not know that it is generally refused. I mention it as an instance of the arbitrary way in which a Conference deals with shippers.

14280. Your general conclusion is that you think that nothing but Parliamentary action declaring deferred rebates illegal will meet the case in the interests of the general body of traders?—That is my opinion.

14281. Would it meet your views if you were given a legal claim to obtain payment of all rebates due, when a breach occurred between you and the shipping company?—That would certainly be better, but I should not like to leave it there.

14282. You would rather have that than not have it?—Yes, certainly.

14283. (*Mr. Maddison.*) In reply to one Commissioner you have stated that the views you have been good enough to give us are your own personal views?—That is so.

14284. But I take it that you regard them as representative of the two bodies that you are here to speak for?—That is so.

14285. And, so far as you know, your views do represent the majority, at any rate, of the members of those two bodies?—They do represent the majority both of the Agricultural Engineers' Association and of the Leeds Chamber of Commerce.

14286. So that they are really more than personal views—they are representative views?—Yes, they are representative, but I have not a special resolution approving of them.

14287. You have made it plain that you want to make deferred rebates illegal; you do not want to interfere with shipowners beyond that, do you?—No.

14288. That is to say, you do not want us to recommend to Parliament that in any sort of way it should regulate shipowners' rates?—No; I make no such suggestion.

14289. And if there were no deferred rebates, you would not ask for anything else?—No; I would be content with the ordinary conditions.

14290. Therefore, those cases you give us of Barrow to Belfast and Liverpool to Alexandria, which were not under the deferred rebate system, have no bearing on your main evidence?—No. I gave them just to point out anomalies in the rates that we have to pay.

14291. Anomalies which exist in trading, generally, I suppose?—In shipping.

14292. That is to say, if you can get a good thing, you get it?—Yes.

14293. And you do not object, apart from deferred rebates, to the shipowner doing the same thing?—You do not object to pay the market price for it, but you do object to be cornered and made pay just whatever the particular individual shipowner may choose to exact.

14294. My point is, supposing there were no deferred rebates, you might still have, indeed, as you have here——?—Anomalies.

14295. Discrepancies between the rates and anomalies?—Yes.

14296. You would have nothing to say to that?—No; I would trust to the ordinary supply and demand to put that right.

14297. With respect to this case of not getting your deferred rebate through not applying for it at the proper time, what would be the opinion, do you think, of shipowners, generally, of conduct of that kind?—I should hope that they would say, "Well, McLaren "was not legally entitled to it, but it would have been "fair to have given it to him."

14298. And not to have given it to him was morally, at any rate, wrong?—No; I think it was a little mean—that is all.

14299. You think it was a little mean?—Yes. It was not handsome treatment. We had been shipping with them for many years, and we did not know there was any deferred rebate. When we kicked up a row, they said, "Well, we will give you your rebate in "future, but we will not give you anything for what "has gone by."

14300. In what year was that?—Perhaps it was a year and a half ago—or less than that.

14301. I am a little interested in the way you assess these things. You call this a little mean?—Yes.

14302. That means to say, that you were entitled to several hundred pounds—I do not know what it was—if on a certain date you had made application, but because you were ignorant, or innocent—rather a rare thing I should think in your trade—you do not apply, and they keep it from you; and you call that just a little mean?—Yes.

14303. You do not go beyond that?—No.

14304. And that is why you do not think you ought to have given the name of these people?—Yes. But you know there is this to be said: We had not signed the Conference agreement at that time. We had not a legal leg to stand upon, because although we had faithfully supported that line and never shipped outside of it, we had not previously signed the Conference agreement, and we had not made application within the time, not knowing that there was a deferred rebate. In my own business, if a chap had come to me with a tale like that, I should have said, "Well, "you are entitled to something, here is a cheque for "a hundred pounds"—and I should have been satisfied with that.

14305. I am getting more information, personally. You had not signed this ordinary Conference agreement?—No; we did not know there was a Conference, and we did not know there was a combination at all. We knew jolly well there was a Ring, but we did not know there was any deferred rebate.

14306. (*Chairman.*) When you say you had not signed the Conference agreement, do you mean you had not put in that claim?—No; the shipper has to sign what is called the Conference agreement.

14307. Not in all the trades. What trade are you speaking of?—In the particular trades that I have in view it is well known. We will take the South African trade, for instance, and that is not the only trade where there is a Conference agreement to be signed.

14308. (*Mr. Maddison.*) Would this firm, in the absence of a Conference agreement, have forfeited your rebates if you had shipped with outsiders?—No, because they were not going to give us the rebates; so it did not matter to them.

14309. But they would have given it to you if you had applied?—No, because when we did apply they did not give it to us.

14310. Did you sign that agreement ultimately?—Yes.

14311. And then you got your rebate?—We are entitled to our rebate now.

14312. You mention something in that same paragraph 5 about preference; is it your belief that there is a good deal of preference given to shippers by Conference Lines?—No, I do not think there is.

14313. You do not think that is a grievance?—No, I do not say that it is. I have applied to get to know, and I have been refused information.

14314. Are you refused that information if you ship with a tramp?—No, because we have never asked for it in the case of a tramp. We go there, and we make a bargain, and it does not matter to us whether there are other engines going out at a lower rate or not.

14315. So that with a tramp steamer there may be preference?—There may be; for anything I know.

14316. That is to say, you each make your own bargain?—We each make our own bargain.

14317. I suppose your point is that in the Conference Line, in the absence of the ability to make a bargain, preference becomes a different thing?—Yes, preference does become a different thing there.

14318. What do you say as to the small shipper under the Conference; does he get an advantage?—No, I do not think he does.

14319. Is he on an equality with the big shipper?—In this way he is not, because a small shipper generally ships through an agent, who collars the deferred rebate for himself.

14320. Is that the reason you do not ship through agents, so that they shall not collar it?—That is one reason.

14321. And an excellent reason too, I should think?—Yes.

14322. What about this agent? You say that if you had shipped through an agent you would not have been able to have got these outside ships in the way you have, and do?—Yes.

14323. Why?—Because if he were to ship my goods by a non-Conference steamer, he would lose all his deferred rebates.

14324. Could he not ship by commission, the deferred rebate coming to you?—No, because I am open to ship by an outside steamer myself.

14325. So that you can only get these advantages, which you certainly do seem to get, of the outside lines, by looking after it yourself—straight?—That is so.

14326. The Chairman put a question to you, and I do not just remember the answer; he said, why do not merchants or manufacturers do that generally?—My reply was that it is a very troublesome thing, and they perhaps have not the necessary technical knowledge and experience to do it.

14327. But you find it pays?—Yes, I find it pays.

14328. I think you said your firm was not amongst the largest?—Yes.

14329. But you are a representative manufacturer?—No, I am not exactly, because I know something about shipping, and I have an advantage in that way over most of my friends in the Agricultural Engineers' Association.

14330. Then really it is increased shipping knowledge that your business wants?—I think if agricultural engineers generally did their own shipping, it would be better for them.

14331. Would you tell us now what amount the shipowners will hold of deferred rebates from your firm?—The only people who held deferred rebates from us were the South Afrcan people, and for the last five years our trade there has been dead. We have only shipped one to South Africa, so that it is scarcely worth speaking about now.

14332. Then, as a matter of fact, you have practically none of your money held by the shipowners?—Very little.

14333. And that cannot be a deterrent to you to ship where you like?—It is not.

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14334. What is your experience of the firms generally? I want to get some idea as to what is the amount of money held by shipowners of the firms, in order to see whether it really is a deterrent?—Do you mean belonging to agricultural engineers?

14335. I am referring to any firms, generally?—I cannot give you the slightest idea of that.

14336. Is it a considerable amount?—It must be in the case of some of the large firms.

14337. Considerable, having regard to their large trade, I mean?—It would be 10 per cent. of their freight, of course.

14338. (*Mr. Owen Philipps.*) You state in paragraph 4 that the South American rates by regular lines are 50 per cent. higher than by outside steamers; by that do you mean the Manchester liners?—I have mentioned that here, I think.

14339. Is it not the case that the Manchester liners have been quoting abnormally low rates, commonly known as fighting rates, in the endeavour to fight their way into the River Plate trade?—I do not know.

14340. Have you not heard that there has been a fight going on since May, 1904?—I know that for some years the Manchester Lines have been outside the Ring, and for that reason I have supported them.

14341. Is it not the case that the requirements of the River Plate trade are very amply supplied by the eight regular lines running from England to the River Plate?—I do not know that they are. There are a lot of outside steamers besides the eight lines .

14342. Eight lines are a good many lines?—Yes, they are.

14343. Have you noticed that in some other trades witnesses have complained that there are too many lines competing for the trade?—To the River Plate?

14344. No. In the South African trade, have you noticed that a previous witness told us that there were too many lines competing for that trade?—No, I had not noticed that.

14345. Is it not the fact that the discharging facilities in Buenos Ayres are not sufficient to promptly deal with the regular lines already in the trade?—That is so; but you are not limited to Buenos Ayres in that trade, you know.

14346. When you are talking of South America, what ports in South America are you referring to?—Buenos Ayres and Rosario, but Rosario particularly.

14347. Is it not the fact that many of the steamers cannot go up to Rosario?—That is so, they discharge at Buenos Ayres; but then we will not ship by those. When we want the goods to go further up, we do not ship by the lines that have to tranship at Buenos Ayres.

14348. I note you state that you do not wish the shipping companies to carry on their business at a loss, but then in the same paragraph, in which you state that, you also state that you always ship by outside steamers whenever possible?—Yes.

14349. Is it not a well-known fact that the British steamship companies, whose steamers are employed in the South American trade, have not for many years made a reasonable return on their capital?—I was not aware of it. I thought the most of them were doing fairly well.

14350. You are interested that they should pay well, but you have never taken the trouble to refer to any well-known book of reference?—No, I have not read up the position of the steamship lines to South America.

14351. Do you consider the evidence you have tendered to the Commission, in which you state that you do not wish the steamship companies to carry at a loss, and also that you never support any of the regular companies, consistent?—I think so. I do not suppose the outside ships would keep on going if it did not pay them to do so.

14352. In the same paragraph you refer to many of the owners of the big lines who amass enormous fortunes; are you referring to the South American trade?—No, I am referring there to steamship owners generally. They always seem to die pretty well off, somehow, in spite of bad freights.

14353. You have told us that one of the shipping companies, 18 months ago, refused to return you a rebate which had not been claimed in time?—Yes.

14354. Seeing that you have also told us that you always, whenever possible, ship by outside steamers, could you truthfully sign a declaration that you were not shipping by outside steamers, so as to justify your claim?—Absolutely, because, as a matter of fact, I do not think we ever have in our whole experience shipped outside that combination.

14355. In that trade, you mean?—Yes—not because I would not do it if I could, but I do not know where to find an outside ship.

14356. You are a partner, you have told us, in an old-established engineering works at Leeds?—It has been established 30 years.

14357. That is a considerable time, at any rate. Is it not the case that for some time past the makers of engines have agreed list prices amongst themselves, so as to maintain reasonable minimum prices, and to prevent undue competition?—There has always been a standard list, you know, but engineers sell off that list and give their own discounts.

14358. Still, you have a standard list that is agreed amongst you?—Yes.

14359. And your firm is a party to such agreement or understanding?—There is not any agreement or understanding.

14360. Does the standard list get accidentally all the same?—No. The standard list is an old list that is worked from, and each firm gives its own discounts. I will answer your question in a word—there is no combination amongst the makers of traction engines to keep the prices up.

14361. Is there no understanding among the makers of traction engines to stop prices going below a certain figure?—There is no combination whatever.

14362. Is there no understanding?—And no understanding.

14363. You have told us you know a lot about shipping, and I notice that you do?—No; I wish I knew a lot about it.

14364. Would the Commission be correct in understanding from your evidence that it was only eighteen months ago that any person in your firm knew that there was such a thing as a deferred rebate, in view of the fact that all the regular shipping lines distribute these rebate circulars broadcast among shippers?—It may be rather a foolish thing to say, but it is an absolute fact that I knew we were getting our deferred rebates in the South African Lines, but we had no idea in the world that in this particular trade there was a deferred rebate—absolutely none.

14365. You seem fairly keen business men?—Not so very keen, you see. We do not know everything.

14366. Seeing that you always whenever possible ship by outside steamers, do you think it reasonable that shipowners should inform you whether the rates quoted you, are the same rates as they quote to their regular customers?—I think they have a right to tell us if they are giving us the best rates in the ship.

14367. If a purchaser bought an engine from you and required the same information, would you give it to him?—I do not know; I should not think so, I tell you frankly.

14368. You want to have one law for the engineer and a different one for the shipowner?—No, the cases are not on a parity; they are not controlled by the same factors.

14369. May I ask you to turn to paragraph 8. There you talk of the dog-in-the-manger policy of the Shipping Rings?—Yes, I do.

14370. And you quote a letter from an unnamed correspondent, stating that the Ring carried cement to South America at a low rate of freight?—Yes.

14371. To what port?—I cannot give you any information.

14372. Then it is an unknown port?—Yes; I cannot tell you anything more about it than appears in the letter.

14373. Do I understand that you find fault, or that your friend finds fault, with the regular lines for

carrying cement at a low freight; is that the grievance?—No, what he complains of is that they threaten to stop his deferred rebate if he puts a ship on himself.

14374. Is the Commission to understand that this shipment of cement was absolutely refused, or was it only a question of the rate, as you admit that the Conference quoted a low rate?—I cannot tell you. This was a letter that was put into my hands by the Secretary of the Agricultural Engineers' Association, asking me to bring it before the Commission. More than appears on the face of it, I cannot tell you.

(*Chairman.*) I really do not think this one instance will affect our minds at all.

14375. (*Mr. Owen Philipps.*) Do you think personally—and you have given your evidence in a very clear and straightforward way—that it is fair to put a letter of an anonymous correspondent before the Commission?—It is a thing I never did myself.

14376. I thought not?—If I were making a statement I would put my name to it.

14377. You have been asked some questions already about the relative rates of freight to Port Sudan and South Africa; is it not the case that for nearly two years there has been what is known as a freight war between the British India Company and Messrs. Laing, of Sunderland, who were anxious to get into that trade, and failed?—I did not know that it was so.

14378. A fight between the British India and the line calling themselves the British East Africa, owned by Messrs. Laing, of Sunderland?—I thought it was due, perhaps, to the making of the Khartoum Railway.

14379. If it is the case that there has been a fight going on there for two years, and the rates have fallen to 12*s.* 6*d.*, do you consider it fair to compare a fighting rate of 12*s.* 6*d.* through the Canal with the South African rates?—We only had one consignment at that low rate, you know. It was mentioned as an extreme case.

14380. Is it not the fact that in the case of the Port Sudan there was no deferred rebate in force?—Yes.

14381. That is the case?—That is so. There was no question of a deferred rebate there.

14382. (*Professor Gonner.*) I suppose, if there had been a deferred rebate, you would not have got such a cheap freight?—If there had been a deferred rebate we should not have taken advantage of the freight—no matter how cheap—because possibly there would have been some penalty attached.

14383. If there had been a penalty, you would never have been able to take the 12*s.* 6*d.* rate?—We should have had to adhere to the Conference rates.

14384. You would like to keep clear of a Conference wherever possible?—Wherever we can.

14385. In the South American trade, are you able permanently to keep clear of the Conference Lines?—We ship by the Conference Lines when it suits us.

14386. And in that case you sacrifice your rebate when necessary?—Yes.

14387. Taking your shipments as a whole, are there sufficient boats for you to ship outside?—Yes.

14388. You do not think that in a trade like that, outside steamers are too few?—We have not found any difficulty. We have not found them too few.

14389. What I was wondering was, how it occurred that in the South American trade you did get a fairly regular number of outside steamers and in certain other trades you complained there are no outside steamers——?—That is the fact.

14390. Can you account for that in any way?—No, except by the enormous traffic there is to South America.

14391. You think that when there is a very large traffic indeed, and, perhaps, a very large passenger traffic you may get outside steamers?—Yes. There is more chance for the outside steamer then.

14392. You do not think the rebate system is so successful or so rigid in that case?—That is so.

14393. In paragraph 5 you refer to a preferential rate; that was in the case of a Conference Line, was it not?—Yes.

14394. Is it not the claim of the Conference Lines that they give the same rate to all shippers?—If that were so, there was no reason why they should not just have said so and given us the assurance that we asked for.

14395. It has been, of course, very openly stated that the advantage of the Conference system is, that there is a uniformity of rate to shippers; that is so, is it not?—Yes.

14396. I think we have heard that over and over again; have you not heard it?—Yes.

14397. It was that which, I suppose, made you consider their refusal unreasonable?—Yes.

14398. If it had not been a Conference system you would not have asked?—We should not have asked the question probably.

14399. So that you put this instance here because it shows that for some reason or other they refuse to state whether they were holding to their avowed intention?—I put it as an instance of an arbitrary act on the part of a powerful combination.

14400. Do you not think it very likely that if there was not a Conference system, there would be much greater differentiation in treatment between shippers?—No, I do not think so. I think the shippers would be better able to stand up for themselves under a no Conference system than with a Conference.

14401. Do you think there would be special contracts made?—No doubt there would be.

14402. Then there would be special contracts with special rates, would there not?—I have no doubt; there is that at present.

14403. You think that, under the Conference system?—I have not the slightest doubt of it, in fact it would only be reasonable that there should be. I think that a man who shipped 500 tons a month would be entitled to rather better rates than a fellow who only shipped 40 tons now and again. I have no objection to a fair bargain and to fair treatment being meted out to everyone.

14404. At the same time, it is not right to make a general claim for the Conference system that there is no differential treatment, if there is differential treatment?—I do not know anything about that. I can only say that in my opinion there is differential treatment, and, as I say, I would not object to a certain amount of advantage being given to the big shipper.

14405. You think the large and regular shipper is entitled to an advantage proportionate to his regularity and to the size of his shipments?—I think that ought to be taken into account in the fixing of the rate.

(*Lord Inverclyde.*) He only gives one instance, I understand.

14406. (*Professor Gonner.*) The only instance you give of preferential treatment is this one in paragraph 5?—Yes.

14407. And you do not know of any other instances?—No; and I say so. But I say, if there were differential treatment within certain limits, I should not object to it.

14408. It is rather important to know whether there is differential treatment or not; I think it is a very serious point?—I cannot give you any information.

14409. You cannot assist the Commission?—I cannot assist you with any definite evidence.

14410. Taking your particular trade, I suppose regularity of service does not affect you very much?—It does not affect us very much. Of course, if the intervals are slightly irregular it does not matter very much to us.

14411. But it might affect some trades much more, might it not?—I do not know. I do not see that it would affect any trade very particularly, except such things as meat and perishable goods.

14412. When shipments are made homewards with stuff that has to be sold on the market, then there is great need for regularity, is there not?—If it is perishable stuff

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14413. Say it was wool, and they were in a hurry to get it home to sell it on a favourable market?—I say yes, then. That applies to most goods.

14414. But you would be affected less, I suppose?—Yes, I suppose we should.

14415. Would the stability of the rates affect you as much as it affects others?—Yes. We should like to see reasonable rates and stable rates. We have no desire to see the rates fluctuating.

14416. But you think that they would not fluctuate too extremely if the deferred rebate were abandoned?—No, I do not think they would.

14417. With regard to what you said about not shipping through a shipping agent, if you gave the shipping agent distinct instructions that he was to ship on your behalf by an outside line, would he stand to lose his other rebates?—Absolutely.

14418. Even if he had distinct instructions from you?—Certainly; he would absolutely under the terms of the Conference agreement lose his rebates if he were interested either directly or indirectly in any such shipment.

14419. (*Chairman.*) In what trade?—That is, in the South African trade. As far as I recollect the wording of the agreement, that is what you undertake.

14420. That was modified afterwards, was it not?—The one that I signed, anyway, was to the effect that if you are interested directly or indirectly in any shipment outside the Conference you lose your rebate.

14421. (*Professor Gonner.*) Do you feel convinced that that still holds good?—No; the Chairman has told us that that has been modified.

14422. So that if you gave distinct instructions now to a shipping agent to ship to South Africa by an outside line he would not stand to lose his deferred rebates?—I do not know the wording of the new or amended Conference agreement.

14423. In general, in other trades, besides South Africa, does the shipping agent occupy that rather unenviable position?—Where there is a strong Conference, of course.

14424. You consider that not only is a shipper bound, but the shipping agent is equaly bound?—Yes.

14425. Is a consignee bound?—No.

14426. I suppose that really what Shipping Conferences would like to do would be to tie the consignee?—The consignee has not a choice in the matter as a rule, because if he buys his stuff c.i.f. the man who ships it selects the line by which it shall be shipped. If they could "nobble," to use a sporting term, the consignee, and get him to specify a Conference Line, it would be very much to their advantage, no doubt.

14427. (*Chairman.*) This agreement was come to in the year 1898—"In consideration of the continued "loyal support of the South African Merchants' Com- "mittee and of shippers to South and East Africa "who may comply with the conditions herein stated, "the steamship lines agree that Clause 3 of the Notice "to Shippers shall not be held to disentitle such "shippers to the enjoyment of the commission on their "other shipments if compelled, under instructions, to "ship the goods of a client by an opposition steamer"?—I see; that, of course, did not appeal to me.

14428. But you were talking of South Africa?—Yes, I was.

14429. (*Professor Gonner.*) You think that a condition like that ought always to be granted?—I do think so.

14430. In that case, the system would be less objectionable than it is now?—It would be less objectionable in degree, but, you see, there are so many other things besides legal obligations that tie a man down. It is difficult to get shippers to undertake shipments by outside steamers.

14431. Do you think that the shipping agent in practice would not take such shipments?—He would rather let them pass.

14432. Your real argument is that the deferred rebate ought to be abolished?—Yes.

14433. And then you would be willing to take what terms you could get?—Yes I think there would be a greater freedom in bargaining if it was not for the deferred rebate.

14434. And all such inequitability as might exist in rates, and so on, you would accept as in the ordinary course of business?—Yes.

14435. (*Mr. Taylor.*) In paragraph 2, you say, "I "believe the shipping companies could afford to carry "at much lower rates, if it were not for the huge "expense of running high-speed steamers for the bene- "fit of passengers and mails, who ought themselves to "pay for the services rendered by increased passenger "rates, instead of being benefited at the expense of "the trader who has to pay higher rates on his goods "in order to supplement the inadequate fares and "mail subsidies of the high-speed steamers." I suppose you mean, they ought to carry your traction engines at much lower rates?—Any goods, traction engines, and all other merchandise.

14436. One of the Commissioners asked you previously whether you had ever known a traction engine shipped in a mail steamer; does that affect the point?—I do not think it does.

14437. Supposing they are all owned by the same Conference, the high-speed steamer and the ordinary cargo boat, if the high-speed steamer has got to be maintained, the higher rate charged, I suppose you mean, may be levied on the cargo boat?—On the cargo in the cargo steamer.

14438. So that whether it is actually shipped by the mail steamer does not matter?—Not an atom.

14439 And it does not touch your point?—Not a bit.

14440. It really does not matter to you, in your class of goods, whether they go out by a boat running at 10 knots or at 20 knots?—It does not matter, I am sure, whether they go at eight knots or 20 knots. The 20-knot boat we——

14441. Object to?—We do not object to the stuff going by it, but we would rather it went by the ordinary cargo boat at a lower rate.

14442. About this boat that went to Algiers, and took your traction engine which was sold delivered on the quay at Algiers; where did she go from?—She went from the Tyne.

14443. Do you often get coal boats that you are able to ship your traction engines by?—Not often, but sometimes. We have shipped to Bordeaux, for instance, and I am not sure that we have not shipped to Marseilles as well, in coal boats.

14444. These coal boats generally go from Cardiff and Newcastle, I think?—And from Yorkshire ports as well.

14445. From Hull?—Yes.

14446. Would you find it easy to ship a traction engine from Cardiff?—No, we should not think of it, the land freight would kill us there.

14447. So that really these outside boats loaded with coal are only chance opportunities?—That is so.

14448. But if there is no deferred rebate, you think that they might come on and give you more frequent opportunities from other ports?—Yes, and they might load with cargo sometimes, which they very seldom do now.

14449. With general cargo, do you mean?—Yes.

14450. They are kept out altogether you think, not by the Conference system, but by the Conference system backed by the system of deferred rebates?—Yes. The Conference system is a very strong deterrent, but the deferred rebate puts them in an altogether exceptional position. In any case, if there was a Conference, apart from deferred rebates, the Conference would be very powerful.

14451. What you say in paragraph 7 is that "the "arbitrary policy of the Shipping Rings is speedily "manifested in the case of an outside ship coming "on to the berth and the alacrity with which rates "are lowered in order to squeeze the outside ship off "the berth"; I suppose that would happen whether there was a deferred rebate or not?—If there were Conferences. That is one of the evils of the combination called a Conference.

14452. If there is any combination, I suppose that is the inevitable result?—Yes.

14453. The combination, if an outsider comes on the scene to lower its rates, would keep him off, if it could?—Yes, and raise them whenever it got rid of him.

14454. But still you would be satisfied——?—Personally I would be satisfied with the abolition of the deferred rebate.

14455. And the outside boat would then come in as a deterrent to extreme rates?—Yes. Whenever rates got up to an extreme, then there would be a chance for an outside steamer to come in now and again.

14456. What you want then is really an occasional check rather than the abolition of the Conference system?—I do not like the Conference system, but I would not legislate to abolish the Conference, because I think the Conference is a perfectly legitimate combination. But the deferred rebate, to my mind, is an immoral system altogether.

14457. You think it is immoral?—Yes, and that it ought to be stopped.

14458. What do you mean by immoral?—Not moral.

14459. You import an element of morality or ethics into it?—Yes, there is not much ethics in business, but decidedly that is my opinion of it, and you can define it as you choose.

14460. But it is immoral, and ought to be abolished?—Yes.

14461. Now you have said here to-day that shipowners cut their own throats, and if Shipping Rings were more reasonable, there would be no outside steamers; in reply to one of the Commissioners you said that, and I took a note of it; what do you mean by it?—It means that every steamer would have a fair show, and a fair share of the trade.

14462. Then they would all be in the Ring, or they would all be out of it?—They would all be on a parity—on one level.

14463. You do not mean that a large amount of the existing tonnage would have to be done away with?—No, surely not.

14464. You only mean that all tonnage would be free?—Yes.

14465. You would have a free market?—That is all we are entitled to ask for.

14466. You do not object to pay the market price?—No.

14467. But what you do object to is there being no market?—Yes.

14468. If you have a combination absolutely united, with no outside competition, you hold, as a shipowner, that you would have no market?—That is so.

14469. I wonder whether you can make that point clear that Sir John Macdonell asked you in regard to the way of enforcing the law in case deferred rebates were made illegal. Supposing they were made illegal, and that you as a shipper, in spite of that, made an agreement with a shipping company that you would ship by him and would forfeit your rebates privately if you shipped by any outsider; you say you could not do it because the law says you must not?—I understand the question as you have put it rather better than I did.

14470. I want to get at what I think Sir John Macdonell wished to get?—Yes, and what I wish to give. I think I can answer your question.

14471. Now let us hear what you propose?—The law declares gambling to be illegal, and you cannot go into a court of law and maintain a claim if the other man can plead the Gambling Act. That would simply be the remedy in this case. There is nothing to prevent you and me making a bet, and one paying the other if he can and will, but there is a difficulty in either you or me enforcing it in a court of law.

14472. (*Chairman.*) I think you had better not hamper yourself with legal points. Perhaps I may assist you. Rebates have been declared illegal by an Act passed by Congress in the United States. All the persons who enter into contract under a system of rebates are liable to heavy penalties. That has had the effect of doing away with rebates in the United States. I suppose you think that legislation of that kind might be enacted in this country?—I think so. I think if the thing were tried, there would not be any difficulty in working it.

14473. (*Mr. Taylor.*) The only other point I wish to ask you about is the loading of heavy weights by steamer. One of the Commissioners seemed to be under the impression that the loading of a heavy weight disorganises the stowage of the steamer, but you are not of that opinion?—No, I do not think so. I am not a practical stevedore, but I do not see why it should.

14474. Is it not a fact that heavy weights are dealt with by themselves all together?—Yes.

14475. And apart from the general stowage of the ship?—Yes.

14476. A stevedore would so arrange matters that the general stowage of the ship would not have commenced, as a rule, before his heavy weights were dealt with?—They plan their loading, you know, and they either take the heavy weights first, or they take them last, just as it happens to be most convenient for the loading along with the other cargo.

14477. They arrange it with the minimum of inconvenience?—Yes.

14478. In the case of your tramp steamer that loaded coal, I suppose, the traction engine, when the vessel was loaded, was just dumped down on top of the coal without, practically, any trouble or delay?—That is so.

14479. And your only regret is, that you have not more opportunities of that kind?—Yes.

14480. (*Mr. Maddison.*) You want more tramps?—Yes.

14481. (*Mr. Owen Philipps.*) Is it not the case that discharging heavy weights at many ports of the world is a matter of great difficulty and delay?—Yes, there are ports where you could not take a heavy weight. You take that into consideration when you are fixing up your traffic.

14482. (*Mr. Reeves.*) I understand that you have shipped to New Zealand among other countries?—Yes.

14483. How many years ago was it, do you think, that you began to ship there?—About 24 years ago, perhaps.

14484. In your early days were the freights reasonable, do you think?—The New Zealand rates have not varied very much.

14485. It has not been a question there of a remarkable rise during recent years?—No.

14486. When you first shipped, did you ship by steamer or by sailing vessel?—We have shipped by steamer nearly always.

14487. Do I understand that you have found yourself hampered in the New Zealand trade latterly?—No, I do not think I can say so.

14488. Have you found business remaining pretty good, may I ask you?—It fluctuates.

14489. Any difficulties you have met, could you say fairly they are due to the shipping companies, or mainly to competition in your trade?—I would not say that the New Zealand shipping had hampered us at all. But their rates are stiff, and always have been.

14490. Would you class them as stiff rates?—Yes, I think they are rates that could come down with great advantage to the traders.

14491. But they have not felt it?—No, we do not complain of any unreasonable treatment.

14492. As compared with the rates to Australia, how should you class them?—The rates to Australia are easier than the rates to New Zealand, but that is one of the few places we ship to where we do not do our own shipping. All our Australian engines are sold f.o.b., and we do not attend to the shipment of those ourselves.

14493. As regards your competitors in New Zealand, are they largely American or local people now?—They are English people.

14494. From this country?—Yes.

14495. Is it traction engines you are speaking of?—Yes, I am speaking of my own trade

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14496. Do you not ship agricultural machinery other than traction engines?—No.

14497. You simply ship traction engines?—Traction engines and road-rollers to New Zealand.

14498. That narrows the field very much?—Except for reaping machines, the most of agricultural implements in New Zealand are made on the spot.

14499. Some are. I suppose you know of the competition of the Harvester Trust?—Yes.

14500. What is the rebate obtaining in the New Zealand trade; how much per cent. is it?—Off hand, I should say it is 10 per cent.

14501. And how much of that is deferred?—The whole of it.

14502. You do not get any at once?—No.

14503. It is not a case of five and five?—There may be something on the primage, but the rebate is a deferred rebate.

14504. (*Sir Alfred Bateman.*) One or two questions about South Africa. I think you said that you were not able to get the classification of the rates to South Africa?—No. I did not say that. I found fault with the classification, but not with the difficulty of getting it.

14505. You were furnished with one, then?—Yes.

14506. But yet you appeared to doubt whether the classification was applied to everybody in the same way?—Perhaps we are thinking of two different things. My reference to the South African classification was, that our engines were put into too high a class, and that the freight on them was too high.

14507. Not that other people paid less rates than you did?—No.

14508. Had you any difficulty in getting the classification given you respecting the rates that you had to pay?—Not any.

14509. I gather that you are not inside the Conference there, and you do not get the deferred rebate in South Africa?—We have shipped by the Conference steamers, but as I said, since the war we have done very little business there.

14510. On that weight question, on which you are charged, as you think, very high rates, is it not the case that in the last few years facilities for loading and for unloading heavy weights in South African ports have very much improved?—We have not felt it in the rates; they have not taken anything off the rates.

14511. We were told in South Africa that it was reasonable that these differences in heavy weights should be now decreased, because the facilities had been improved in South African ports in the last few years, but you have not come across that point?—No, we have not.

14512. And you do not urge it now?—I do not urge it in this way, but I have always claimed that the rates on the heavier packages were too high.

14513. But surely there must be a difficulty in loading and unloading, and expense in unloading, which would make such an extra charge reasonable, would it not?—If there were great difficulties, but if the difficulties have been overcome, the prices ought to go down. Just the other day we had a case weighing 4 tons 1 cwt. We always mark our cases the actual weight, but it would not have been much of a swindle to have called it 3 tons 19 cwt. 2 qrs. For that 1 cwt. we had to pay £2 extra.

14514. I think you said you do not do much trade now with South Africa?—I am sorry to say we have not been doing much lately.

14515. That is perhaps on account of the depression there?—Yes. Our trade has been very slack there since the war.

14516. But not on account of the higher rates?—No.

14517. (*Chairman.*) On account of the war?—Yes.

14518. (*Mr. Taylor.*) You say that you do your business without shipping agents; do you mind telling the Commission how you manage that? For instance, you have several ports, I suppose, from which you ship; how do you manage to make your arrangements without the shipping agent? Do you have your own shipping agent, or what?—We are our own agents.

14519. But then you are not in Liverpool, or London, or Hull?—No.

14520. You are in Leeds?—Yes, we are in Leeds.

14521. Who attends to the actual forwarding, cartage, dues, shipping and freight arrangements of the goods in those out-ports?—There is little to do. We put ourselves in communication with the agents of the ship to begin with. We have a shipment, say, for Tierra del Fuego, as we had the other day, and we write to the people who own the steamer going round to Chili and ask when they are having a boat for Punta Arenas, and they tell us.

14522. The shipping people themselves do?—Yes. We ask the rate by that ship and when it will close for cargo, and they tell us. We simply fix up the business ourselves as an agent would do.

14523. Direct with the shipping people?—Yes, direct either with the owners of the ship or their agents.

14524. So that you have no need of a forwarding agent at all?—We do not employ forwarding agents. There is only one thing I should like to add: I presume that the names I have given you will not be printed in the newspapers, or anything like that.

14525. (*Chairman.*) Do you mean the name that you handed in?—I mean the names and the rates of the Manchester Liners, for instance, that I have given you to-day.

14526. (*Mr. Owen Philipps.*) There is nothing private; everybody knows them?—But one does not like to come here and feel that one has been coming here reviling anybody.

(*Mr. Taylor.*) The witness must understand that his *précis* and everything he has said here has been made public?

(*The Witness.*) All right.

(*Chairman.*) But the name that you handed to me is not public.

(*The Witness.*) If that is private, all right.

MR. EDWARD BEHENNA TREDWEN, re-called and further examined.

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14527. (*Chairman.*) You have been good enough to give evidence before us on a former occasion, and I only want to direct your attention now to one or two questions that I wish to put to you on account of what has occurred since you gave your evidence. I think you have prepared answers to certain questions for us?—Yes.

(*The witness handed in the following statement.*)

Q. 1. Formation of Association of Merchants at Manchester; especially as to objects and progress of the Association?

A. 1. Since I gave evidence before the Royal Commission on 9th April, prompted by a speech made by Sir Joseph Ward when the Colonial Premiers were presented with the Freedom of the City of Manchester, a meeting of Manchester merchants was convened by the Lord Mayor of Manchester on the 18th July at the City Hall, and I was invited to attend and speak as to the formation of the Australasian Merchants' Association and the work it had performed. At this meeting there was a very large and representative gathering, and a resolution was passed *nem. con.* to form a Merchants' Association, which has been done.

Q. 2. Success of recent negotiations between Australian Merchants' Committee and Conference Lines as to freights?

A. 2. The Australasian Merchants' Association since April has had much of its time occupied in discussing with the Shipowners' Conference the alteration of the freight tariff. At the instance of the Importers' Association of Melbourne, the Australasian Merchants' Association (of London) has been urging on the Shipowners' Conference the injustice of continuing to charge an average of 2*s.* 6*d.* per ton more for the nearer port of Melbourne than for the further port of Sydney. The surcharge of Melbourne freights is a "survival" of the times when Melbourne was a port

difficult of access without the natural advantages of Sydney. A great deal of money has been spent on the Port of Melbourne, new docks have been constructed, and the contention of the Melbourne Importers' Association is that their traders should reap the advantage of this expenditure by getting the same freights as Sydney. The Australasian Merchants' Association (of London) has urged this upon the shipowners, with the result that they have agreed to an assimilation of rates on most lines of cargo.

I put in list of 163 items on which the Melbourne rate has been reduced.

At the same time, at the instance of the Merchants' Association, the shipowners have made important reductions in rates on 20 lines to both ports—at the same time assimilating the rates for Melbourne and Sydney.

This arrangement has only been arrived at after conferences between a sub-committee of the shipowners' meeting, a sub-committee of the Merchants' Association Board in conference, and a great many meetings between the chairman of the Shipowners' Conference and myself, as chairman of the Merchants' Association, and the settlement arrived at appears to me to be a fair compromise.

The essence of a sound co-operation between merchants and shipowners is "give and take" on both sides. We as merchants cannot expect to carry weight in our conferences with the shipowners if we always ask them to reduce rates and never concur in any advance. The evidence which I have already given shows that the shipowners in the Australasian trade have not been making excessive profits, and our original request was that the shipowners would reduce Melbourne rates to the Sydney level. The shipowners argued that there has been such an advance in the price of bunker coal during the past twelve months as to justify their coming to us with the proposal to advance freights, and they actually approached me, as chairman, to ask whether the Association would prefer a 10 per cent. surtax on freights during the high price of bunkers or an advance of 2*s.* 6*d.* per ton on weight and 5*s.* per ton on measurement cargo, to which my reply was that we should in the last resort prefer the 10 per cent. surtax, but should like all the remaining differences between Melbourne and Sydney abolished at the same time. In the result the surtax or advance has been waived, but the assimilation of rates has been arrived at by some advance in Sydney rates. In making this concession of assimilation, the shipowners have justly contended that Melbourne is an intermediate port where they grudge every hour's delay, because they want every hour available at the terminal port, Sydney, to overhaul the machinery.

I took the trouble to check the prices of coals for the last twelve months, and put in a table showing the price of Cardiff coals, Northumberland steam coals, and Scotch bunkers every week from 21st September, 1906, to 22nd November, 1907, to show that the allegation of increased cost of bunker coal is correct.

Q. 3. Relations of White Star Line towards lines trading direct between United States and Australia?

Q. 4. Rates charged by White Star Line on goods carried from United States viâ Liverpool as compared (*a*) with goods carried to New Zealand direct from United States, (*b*) goods carried from United Kingdom to New Zealand?

Q. 5. Reasons alleged for such lower rates. Negotiations between Australian Merchants' Committee and White Star Line in regard to them?

Answers 3, 4, and 5. With regard to the relations between the White Star Line carrying from New York to Australia and New Zealand, viâ Liverpool, and the lines loading direct from New York to Australia and New Zealand, there appears to be considerable friction, and in the effort to arrive at an assimilation of the rates from New York with those from the United Kingdom, the Australasian Merchants' Association proposed a Conference of those concerned, which was held.

The main difficulty in arriving at a settlement was the demand of the White Star Line to carry cargo from New York with transhipment at Liverpool to Australasia at 2*s.* 6*d.* under the rate charged from New York direct, and their contention was that the extra handling, breakage, and delay consequent on transhipment would prevent their getting any considerable share of the cargo unless they gave a rate 2*s.* 6*d.* per ton lower than that charged direct. Our objection to this, as British merchants, is that we should have to pay 2*s.* 6*d.* per ton more than our American competitors on the same class of cargo in the same steamer from Liverpool.

Q. 6. Have disparities between rates from United States of America either direct or viâ Liverpool to New Zealand and rates from United Kingdom to New Zealand resulted in orders being placed in the United States of America rather than the United Kingdom?

A. 6. In reply to the question as to whether the lower freights ruling for some time from the United States of America to Australasia has caused a diversion of orders to American traders and manufacturers, no doubt the lower freights have helped this in the case of goods which are manufactured in the United Kingdom and in the United States of America, but there are a great many articles which make up the bulk of the American cargoes which must in any case go from the United States of America, apart from the question of freight, *e.g.*, kerosene oil, rosin, woodenware, timber, agricultural machinery, such as harvesters, which are American specialities. What we desire is, equal rates from the United Kingdom and the United States of America on all goods that the United Kingdom can supply.

Q. 7. Effect which recent combination of Tyser's Line with the German Line may have upon rates from United States of America as compared with rates from United Kingdom.

A. 7. The combination of the Tyser Line with the German companies has brought into the carrying trade from the United States of America to Australasia a foreign competition in a trade previously carried by British steamers.

With reference to the resultant cutting of rates, I received a letter from one of the Managers of the White Star Line: "Referring to the discussions we "have had regarding the differences in rates charged "at times by the White Star Line on goods from the "United States of America and from the United "Kingdom, respectively, destined for Australia, I think "it right to let you know that notwithstanding the "nominal tariff rate of freight on machinery from the "United States to Australian ports is 27*s.* 6*d.*, and "previous contracts were fixed at 20*s.*, this rate has "within the last two weeks been cut to 14*s.* and 12*s.* 6*d.* "in two instances by the direct steamers from New "York.*

"The amount of traffic secured by these two operations is very considerable, several thousand tons. It "would seem to me quixotic for the White Star Line "to stand aside with folded hands and watch its "London competitors in the direct trade carry the "business, and yet this is what you would have us do "if I have correctly understood your arguments and "your testimony before the Royal Commission."

I understand the rate of about 14*s.* was for all ports, and that the 12*s.* 6*d.* rate was that taken by English lines for Melbourne and Sydney with a higher rate charged for other ports.

Q. 8. Power of big American and Canadian combines of manufacturers to demand lower rates than those granted to the ordinary merchant (*a*) in the United States of America, (*b*) in the United Kingdom.

A. 8. Large American and Canadian combines such as above referred to, in the absence of any rebate system from United States of America ports, effective to exclude outside competition, have the opportunity of squeezing the shipowners to carry their cargo at unremunerative rates much lower than they take from smaller shippers. In the United Kingdom, under an effective rebate system, the smaller shipper is on an equality with his larger competitor, and cannot be extinguished or squeezed out.

Q. 9. The relations of brokers and shipowners in the Australian trade.

A. 9. In the Australian trade the broker is almost extinct. The loading is one of owners rather than brokers.

14528. (*Chairman.*) You have been active, I believe, in forming an association of merchants for Manchester, have you not?—I was not the originator of it in any way. The Manchester merchants wished to form an association somewhat on the lines of the Australasian Merchants' Association of London, and I was invited by the Lord Mayor of Manchester to go down and speak at that meeting. When I arrived there, I

* *See* Question 14578

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was told that the object of asking me to attend was that I might explain how our Association was formed, what were its objects, the means that were adopted to carry those out, and, generally, the advantages of our Association. That I did; but beyond that I had no part in it whatever, except, that in making the remarks that I did make there, I pointed out to the Manchester merchants that it was by co-operation that merchants could be strong, and that I hoped when they formed their Association they would co-operate with ours in London, so that we might all work together on occasion.

14529. As regards the Australasian Merchants' Association of London you told us on the last occasion that you were negotiating with the shipowners on certain points?—Yes, I did.

14530. In answer to the second question, you mention one of the points on which you have been negotiating, namely, as regards the freight to Melbourne. The fact is, that the port of Melbourne has been very much improved, and what may have been a fair rate of freight formerly, seemed to you, and those whom you represent, not to be a fair rate now?—Yes.

14531. And that point you put before the shipowners?—I may say that that action on the part of our Association was pressed upon us by the Importers' Association of Victoria; that is an Association somewhat similar to our own, to safeguard the interests of importers there when dealing with the ships that bring their cargoes. Our objects being the same, the protection of merchants against those with whom they come in contact, that Association corresponds with our own, and has asked our Association in London on occasion to undertake certain representations on their behalf, or has suggested that we should undertake certain representations. This we have done.

14532. You have had several negotiations with the shipowners?—Yes.

14533. When you have these negotiations, who are the persons to take part in them? Do the shipowners nominate two or three, and do you nominate two or three?—When our Association wishes to discuss these questions with the shipowners, we make representations, and then if we find that correspondence is not leading to a satisfactory or early settlement, we suggest that there should be a conference between representatives of their body and representatives of our body. At the same time that we do that, our Board nominates two, three, or four of its members to be a deputation to meet the shipowners. We do not know which of the shipowners will meet us. They, in the same way, appoint their delegates, and the meeting is fixed, either at the office of our Association, or at the office of one of the shipowners, sometimes one, sometimes the other; and there we meet, and it is generally three or four on each side of the table, the shipowners on one side and the merchants on the other

14534. Judging from your experience, do you think these conferences useful?—Yes, they are very useful in discussing the points, and then when it comes to the matter of detail afterwards, a considerable amount of negotiation has to take place between the Chairmen of the respective Associations, in order to facilitate and to get things along quicker than a large body can do it.

14535. In this way you have had negotiations about the rates of freight to Melbourne?—Yes.

14536. Has that question been solved?—Yes. That is part, I may say, of a larger question. If you alter the rates to Melbourne it possibly involves the altering of other rates. So that it meant, really, the revision and adjustment of the whole scale of rates for Australia, and that meant a considerable amount of detail. There are nearly a thousand items in it, and that meant a great deal of negotiation between their Chairman and Deputy-Chairman and myself as Chairman of the Merchants' Association.

14537. Are those negotiations still going on?—No, they are quite concluded.

14538. Are they concluded to your satisfaction?—Yes. With your permission I will put in a supplement to the appendices I have put in (*see Appendix* XXIV). The result of the summary, to analyse what we have arrived at, is this: We have a tariff, which we will call the 1903 tariff, that is, a tariff of freights that existed down to and prior to 1903; then we had a tariff which existed from 1904 up to the present time, and then there is the new tariff now coming into operation, which we call the 1908 tariff. In 1903, taking the 922 articles embraced in the tariff and adding all the rates together and dividing them by 922, the average rate to Melbourne was 41·12*s.*, and the average rate to Sydney was 38·69*s.*; so that Sydney was getting the advantage over Melbourne of the difference between 41·12*s.* and 38·69*s.*

14539. (*Chairman.*) I think we may take it generally that the rates of freight to these various ports have been adjusted, and adjusted to the satisfaction of your Association?—Yes.

14540. But then you say that there may be reasons why freights should be raised from time to time in certain circumstances?—Yes, that undoubtedly is the case. We cannot expect to carry weight with the shipowners when we come into conference with them if we always come and ask for a reduction and never agree to any advance.

14541. I quite agree with you. You mention the case that bunker coals have become more expensive?—Yes that is so.

14542. That is one reason why in certain cases it may be necessary to raise freights?—Yes. You see that is why I consider that we have arrived at an equitable settlement, although the settlement arrived at involves an average advance of 6*d.* per ton on the rates to Melbourne and to Sydney—that is, 1½ per cent. only as shown by this table that I put in to-day—but I think that it is a very fair compromise on the position, that we are only paying an advance of 6*d.* per ton, although the coals have advanced so very much in price.

14543. (*Lord Inverclyde.*) Would you mind saying how much the coals have advanced in price?—I have put in a list of the prices of coals. I have taken the three leading coals that are used in bunkering for the Australian trade, and I have put in a list of prices from the 21st September, 1906, up to the 29th November, 1907. The price to-day is, Cardiff coal, 19*s.* to 19*s.* 6*d.*; Northumbrian, Steam, 15*s.* to 15*s.* 6*d.*, and Scotch Steam, 13*s.* to 14*s.*

14544. I do not quite follow you from this table of yours?—Practically it amounted to this: If you take the 21st September, 1906, the first date that I gave there, you have Cardiff coal 15*s.* to 15*s.* 3*d.*, Northumbrian steam 10*s.* to 10*s.* 3*d.*, and Scotch steam 8*s.* 9*d.* to 9*s.* 3*d.* At the time that I was concluding these negotiations with the shipowners, and fighting to get the best terms I could for the merchants—that was in September—the price of Cardiff coal was 21*s.* 6*d.* to 21*s.* 9*d.*, of Northumbrian steam 16*s.* 6*d.*, and of Scotch steam 13*s.* 9*d.* to 14*s.* 6*d.* If you take those prices and add them together, you will see that the average advance was 5*s.* per ton; and if you take the 5*s.* per ton you will see that is practically a 40 per cent. advance. At the time I was negotiating with the steam shipowners I had to face the fact that they were paying an advance of 40 per cent. on my own figures, which I had taken out for my own information

14545. Do you think the 6*d.* per ton that they got fully compensated for that advance?—From the merchants' point of view, I was satisfied with the arrangement I had made on behalf of our Association.

14546. (*Chairman.*) The adjustment of the freights in these cases involved conflicting considerations?—Yes.

14547. For instance, the port of Melbourne had been improved, but the price of coal was raised, and so on; all those considerations were involved?—Yes.

14548. They are proper subjects for a conference between the representatives of the shipowners and the representatives of the merchants?—Yes.

14549. You have found those conferences useful, and that they have, in fact, led to a result which is satisfactory to the merchants and traders?—Yes.

14550. From that instance, and from your own general experience, do you wish us to infer that it is of great importance that there should be conferences

of that kind between shipowners and merchants?—Yes.

14551. I see that three of the questions put to you are as to the relations of the White Star Line towards lines trading directly between the United States and Australia, as to the rates charged by the White Star Line, or at least carried from the United States viâ Liverpool, as compared with goods carried to New Zealand direct from the United States as with goods carried from the United Kingdom to New Zealand, and as to the reasons for such lower rates. You answer those in this way: "With regard to the relations between the White Star Line, carrying from "New York to Australia and New Zealand, viâ Liverpool, and the line loading direct from New York to "Australasia and New Zealand, there appears to be "considerable friction, and in the effort to arrive at "an assimilation of the rates from New York with "those from the United Kingdom the Australasian "Merchants' Association proposed a conference of "those concerned, which was held." Just explain that a little to me; are the rates higher from the United States, or lower?—The rates were lower from the United States than they were from the United Kingdom.

14552. I thought they had been levelled up?—The levelling-up is partly the result of the conference that we had with them.

14553. When was that?—I cannot give you the date exactly, but I could refer to it by correspondence.

14554. They were levelled up about a year ago, were they not?—It was that time, but then we wanted, if possible, to get an arrangement—practically an agreement—that the rates should be maintained uniformly.

14555. Should be permanently uniform, do you mean?—Yes, we wanted them put on a permanent basis. There was one point that the White Star Line was carrying for half-a-crown less by taking cargo with transhipment than the direct steamers. Still, it appears to be a perfectly reasonable contention on their part, so far as their competition with the other steamers is concerned, that they would not get the traffic unless they took something less; yet the way it struck us, as merchants on this side, was that we object to ship in Liverpool in a steamer paying 2*s.* 6*d.* per ton more than American goods paid in that steamer which had been brought from New York. So that it made a difficult position for the White Star Line. They may say that if they did not do that they would not get the freight, and yet we did not like their doing it.

14556. Is there at present that difference?—That has not been adjusted.

14557. That has not yet been adjusted?—No; the White Star Line still claim the right to do it.

14558. So that when it is said that a year, or a year-and-a-half or two years ago the rates had been levelled up, that is not quite exact?—They had been levelled up with that exception.

14559. You are now negotiating, you say, for the purpose of doing away with that difficulty?—We had hoped so, but a new feature has arisen in the trade which causes a fresh fight from New York, and there will be chaos, I suppose.

14560. I do not see—and here I am alluding to a circumstance as to which I was misreported in one of the papers—how that has anything to do with the question of deferred rebates. That is exactly what I said before on another occasion?—I am quite with you.

14561. That it has nothing to do with the question of deferred rebates?—Yes.

14562. It might be an unfortunate circumstance, but as far as you can see, and I must say as far as I can see, it is not the consequence of a system of deferred rebates?—Not at all; it has nothing to do with it.

14563. Then I go to Question 6: "Have disparities "between rates from United States of America, either "direct or viâ Liverpool, to New Zealand and rates "from the United Kingdom to New Zealand resulted "in orders being placed in the United States of "America rather than the United Kingdom." You reply to that: "In reply to the question as to whether "the lower freight ruling for some time from the "United States to Australasia has caused a diversion "of orders to American traders and manufacturers, "no doubt the lower freights have helped this in the "case of goods which are manufactured in the United "Kingdom and in the United States." I want to pause here for a moment. For several years there was considerable difference between the freights from the United States and the freights from England, was there not?—Yes.

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14564. I suppose that did tend to divert the trade?—No doubt it did—a certain amount of the trade

14565. And it may be that trade once diverted remains in the channel to which it went?—Yes, that is extremely likely.

14566. But then you add this fact, which of course ought to be taken into consideration—that that only applied to those articles which are, so to say, equal to each other?—Yes.

14567. Then you proceed, "There are a great many "articles which make up the bulk of the American "cargoes which must in any case go from the United "States apart from the question of freight"?—Yes. If they had the higher rate and we had the lower rate, those articles would still go from the United States practically in the same volume.

14568. That is to say, the diversion of trade would only apply to those articles which are of the same kind—I mean the articles which are shipped from England and shipped from the United States which are of the same kind and of the same price?—Yes, such as spades and shovels manufactured in the United States, and manufactured by one of the witnesses who gave evidence here, and who had to compete with the United States manufacturers. Those are competitive articles made in both places. But kerosene oil, no matter if the freight were 10*s.* from the United Kingdom and 20*s.* from the United States, would still not be shipped from the United Kingdom.

14569. (*Mr. Reeves.*) And so would tobacco?—Yes.

14570. (*Chairman.*) Question 7 is as to the effect which the recent combination of the Tyser Line with the German Line may have upon rates from the United States of America, as compared with the rates in the United Kingdom. Where does Tyser's Line go from?—The question, as I understood it, related to the Tyser Line loading from New York to Australasia and New Zealand.

14571. Your answer is, "The combination of the "Tyser Line with the German Line has brought into "the carrying trade from the United States to Aus-"tralasia a foreign competition in a trade previously "carried by British steamers." Just explain that a little more?—There is a distinction between a trade carried in British steamers and a trade carried by British ship brokers, if I may put it in that way. The trade from the United States to Australasia was previously carried practically entirely—I think I may say entirely—in British bottoms, the steamers being loaded by British owners such as the Federal, Houlder, Shire, Bucknall, and the Tyser Lines loading from New York to Australia, and by a line loaded by what is known as the Peabody Group—I think they call themselves the American and Australian Line. It has American-chartered British steamers, and is loaded either in conjunction, or in competition, as the case might be, with the British Lines loading from New York. Then one of the British Lines loading from there, the Tyser Line makes an alliance with the D.A.D.G.—that is, the Deutsche-Australische-Dampschiff-Gesellschaft — a German company to make a joint loading of steamers from the United States to Australasia together with the Tyser Line, the arrangement being that they and the Germans shall have fixed dates of departure and run a regular line of three steamers a month in opposition to the English Lines and the American Line of chartered steamers from the United States to Australasia.

14572. (*Mr. Reeves.*) Which American Line?—They call it the American and Australian Line—the A. & A. Line. That is Peabody's Group, who load and have shared the trade from there. They have been in the trade for many years. Tyser & Co. brought a new competition into the trade by bringing in foreign-owned steamers into the carrying of goods which hitherto had been carried exclusively in British steamers.

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14573. (*Chairman.*) Have you any objection to that?—I said in my previous evidence as an Englishman I always prefer to see our cargo carried in British steamers, because I believe if the carrying of cargo goes to foreign owners it will not be very long before the shipping of the goods also falls into the hands of foreigners. Naturally, therefore, as a British merchant for my own protection and in my own interests, I desire to see my goods carried by British ships rather than by foreign ships.

14574. Do you think this foreign competition which you rather deplore and regret is due to the system of deferred rebates?—No, there is no system of rebates there. That is one of the things that enables it to come in; there is no system of rebates from New York to Australasia.

14575. Of course, there is not?—It is prohibited by legislation.

14576. Then I do not understand exactly what effect this point has on the question we are considering, namely, whether there should or should not be a system of deferred rebates?—The question I look upon as rather a speculative question altogether as to what might be its effect upon the trade, but I have answered it to the best of my ability. It appears to me, when you asked the question in that shape, that it presents this to my mind—that had there been an effective rebate system from New York to Australasia, in that way it would have been impossible for this German Line to have come into that trade, or, at any rate, if not impossible it would have been much more difficult for them.

14577. That is important, and I am much obliged to you. You say that if there had been a system of rebates, what took place would not have taken place?—It would have been more difficult for it to take place, but it would have been less probable for it to have taken place.

14578. Now, I go to question 8, which relates to the power of the big American Canadian combines of manufacturers to demand lower rates than those granted to the ordinary merchants in the United States of America and in the United Kingdom?—Before you pass from No. 7 to No. 8, would you allow me to make an explanation which I think I ought to make. In reply to No. 7, I have quoted a letter that was received by me and on which I base that. I ought to explain that since I sent in this document I have had from the same authority this letter: "Referring "to your letter of the 29th ultimo, the rates of 14*s.* and "12*s.* 6*d.* mentioned were received by cable from New "York, but communications to hand subsequently "modify the situation. I would also suggest that in "utilising my letter, you should not mention figures "but use the words 'material reduction' instead." Therefore, I would like, with your permission, to say those figures are not absolutely authentic. I think they are somewhere near the mark, but I cannot authenticate them; I mean the figures in the middle of the paragraph, 14*s.* and 12*s.* 6*d.* It should be "about 14*s.* and 12*s.* 6*d.*" instead of "to 14*s.* and 12*s.* 6*d.*"

14579. Now we will go to question 8. In the answer to that you say, "large American and Canadian com- "bines, such as above referred to, in the absence of "any rebate system from United States ports, effective "to exclude outside competition, have the opportunity "of squeezing the shipowners to carry their cargo at "unremunerative rates much lower than they take "from smaller shippers." Will you explain that a little?—There is in the United States a combine of all the leading manufacturers of harvesters. These threshing-machines are very large things, and their tonnage often runs into a large amount. Then there is in Canada a similar amalgamation or combine of the Canadian manufacturers. The American is called the International Harvester Trust, and the Canadian is the Massey Harris Co. These two, between them, I think would command a tonnage probably of something like 25,000 tons; possibly, one of them would, perhaps, ship 15,000 tons and the other 10,000 tons. If they come down to New York to make their arrangements for the season with 10,000 tons of cargo—light measurement cargo—which is very desirable to a shipowner—they have the opportunity of demanding practically a lower rate than would pay the shipowner to carry those goods if he had not other goods to marry with them and make up his cargo. The opportunity of exacting from the smaller shippers higher rates would compensate him for the lower rates that he gives to the combine, and so bring him out right on the average.

14580. You contrast that with the system of rebates in the United Kingdom, and you say, "In the United "Kingdom, under an effective rebate system, the "smaller shipper is on an equality with his larger "competitor"?—Yes; that is so.

14581. That is, no difference is made?—Quite so. You see, in the United States the Harvester Combine can come down and practically put their 14,000 tons up to tender, to be carried by the lowest tenderer.

14582. What is there to prevent the shipowner from preferring the large consumer to the smaller consumer?—Where—here or in the United States?

14583. Here?—That is leaving the United States and coming here. Here the larger shipper cannot go and put his goods up to a tender in the same way, or if he does, anyone coming in to tender for them has got to consider that if he comes in and takes the cargo he has to fight what you call the Conference, and that the majority of the shippers would probably prefer to support the Conference; at any rate, they stand to lose something if they do not in the forfeiture of their rebates.

14584. That is not the question which I intended to put to you. What I intended to put to you was this: You say, that one effect of the absence of the rebate system in the United States is that the small shipper is put in a disadvantageous position?—Yes.

14585. I ask, what is there to prevent the small shipper from being put in a disadvantageous position? What prevents the Conference from preferring the large shipper to the small shipper?—There is the tacit understanding which the shipowners have with the merchants. We have not yet in our trade, the Australian trade, got that agreement made in a formal way like the South African shippers have.

14586. If they have—yes?—The South African shippers are working under the agreements dated 1893 and 1898, which were made by their Merchants' Committee with the brokers and signed by the respective chairmen—the chairman of the Merchants' Committee and the chairman of the Shipowners' Committee. We have no such agreement, but we have a tacit understanding, and we mean to have an agreement.

14587. This leads me to the last question I mean to put to you. The last time when you were before us, you said you think it all-important that the terms which the shippers are expected to observe should be put in writing; you thought that a matter of considerable importance you told us, and you said that your Association were negotiating with the shipowners in order to attain that salutory and important object, namely, that the contract, such as it is supposed to be, or understood to be, should be clearly expressed in writing?—I do not think that I said we were negotiating it, but I think I said, or at any rate I intended to have said, that it was one of the things we intended to obtain.

14588. (*Lord Inverclyde.*) I understand that your evidence amounts to this: Where the rebate system is wisely carried out and enforced, it is to the advantage of British trade, and secures the trade of the world better to British shipowners and merchants?—Yes, think so.

14589. (*Sir John Macdonell.*) In answer to Question No. 8, you draw a contrast between the special terms granted in the Canadian and American trade in which there is no rebate, and the fact that in the United Kingdom, where there is a rebate system, such does not exist?—Yes.

14590. Are you aware that in the South African trade with the United Kingdom, where there is and has been a Conference system, there have been special terms granted to special shipments?—Yes, at least I have heard it alleged that such was the case, but I understand that those special terms are granted to Governments, municipalities, and so on.

14591. I put it to you whether you are aware that outside the classes of special terms which you have enumerated, special terms have in the past been

granted to large firms, such as Messrs. Wernher and Beit and Messrs. Stewart and Lloyd?—It has not come under my personal observation, but I have heard it alleged.

14592. At all events, so far as preference to Governments, municipalities, and the like, is concerned, these special terms have been granted during the time that the rebate system has been running in South Africa?—I believe so.

14593. You state, as I understand, that you think that under a proper rebate system there should be a conference between shipowners and merchants which should be in the true sense of the term a Conference?—Yes.

14594. Do you think that the system will not properly work unless from time to time there are meetings such as you have described?—Certainly.

14595. May I take it that you think that the rebate system would be liable to abuses if there were not such meetings from time to time?—I think it is very possible that if one side never makes any representations or raises any objection to the treatment they are receiving, they would not be treated so well as if they take their own part and speak up for themselves.

14596. Quite so; but I am not misinterpreting or forcing in any way your views if I think you also would go on to say it is necessary that there should be a strong association of merchants confronting the strong combination of shipowners?—It is most desirable that there should be.

14597. May I even say, instead of "most desirable," essential to the fair working of the system?—Yes; I think that is a fair way to put it.

14598. And that in any trade in which you do not have these conditions—a strong combination of shippers facing the strong combination of shipowners—there would be a liability to abuse?—Yes.

14599. Supposing that you found a trade in which, from various causes, such a combination on the part of the shippers were not possible or extremely difficult, what should you say then? What means would you employ to correct or prevent abuses?—I should think that the merchants must be a very unreasonable lot if they could not combine. If they have a common interest, and are smarting under a common grievance, they surely ought to be able to put their heads together and form an association.

14600. Would you say if they do not chose to combine, then let them suffer?—I should say if they do not chose to combine, their apathetic attitude must be due to the fact that there is no particular burning grievance under which they are smarting.

14601. You put the point very clearly that owing to the rise in the price of bunkered coal, which is shown in your table, you deem it fair that there should be a rise in the freight—that is what you state, I think?—I do not want to convey to shipowners the impression that they are justified in advancing the rates of freight to us. But I have to consider the matter from both sides, and therefore when the statement was made that coals had advanced to that extent, I took the trouble to get out the figures to see whether I could controvert it; I wanted to be able to say that there was no cause for that suggestion, or that it was not a sufficient cause for them to advance the rates of freight.

14602. I do not want to force you in the slightest degree to overstate it in any way. You thought that that should be taken into account by the merchants; and I suppose that if the coal were to fall in price, you would expect the shipowners to take that fact also into consideration?—Quite so.

14603. In other words, what you contemplate, as I understand, for the fair working of the rebate system, is meetings of the representatives of the shippers and the shipowners at short intervals, at which should be discussed all the rises or falls in freight?—Yes. The merchants will never go to the shipowners to ask them to raise the rate, but the merchants will want to go and ask shipowners to lower them. There ought to be the opportunity for the merchants' views to be heard properly by a thoroughly representative committee of shipowners. In the same way, if the shipowners wish to raise their rates, unless there is any special urgency about it, they ought to have the opportunity of consulting the merchants, and they ought to give the merchants an opportunity of being consulted.

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14604. If I apprehend your meaning rightly, it would follow that before any rate was raised, notification should be given to the merchants and the subject fully discussed?—That is one of the points that, on the face of it, as a merchant, I would say we naturally consider that we ought to have all the notice possible.

14605. Now show us what is not on the face of it?—There are certain practical difficulties connected with it. As a merchant, if I had notice from the shipowners that they meant to lower the rates for certain goods on the 31st January, I am afraid that the steamers going the latter part of January would get very much starved for freight, as I should keep everything over that I could till 1st February.

14606. That I can understand?—In the same way, if I had notice that the rate on the 1st February was going to be advanced 5*s.* per ton, I should spare no effort to ship everything I possibly could before the 1st February; get it away in January, and get the benefit of the lower rate. That would act with very great hardship on the shipowner. I want to look at the thing from both sides, you see.

14607. Permit me to say that I appreciate your candour?—Am I unduly taking up your time?

14608. As far as I am concerned, not?—The shipowner is the vendor of a perishable commodity. He has so much freight-space in his steamer that must go on the 31st January—we will say he has undertaken to keep a fixed date, and to go on the 31st January. He is like a man who has strawberries to market; they are no good the day after to-morrow, as they will not even make jam. In the same way, when his steamer has gone, if she sails on the 31st January without filling that space, then to him that space is like so much strawberries that have gone rotten, because he has lost the freight of that space, and he can never get it back again. He is not like a manufacturer of iron who, if he cannot sell it to-day, puts it in his warehouse and sells it to-morrow. His ship has gone.

14609. I think I see your point, but what is the deduction that you draw from it—that the shipowner should give no notice at all?—No, but that there are occasions on which it is not in the interest either of the merchants or of the shipowners that too long notice should be given. There are other reasons why the notice cannot always be given. I have gone on several occasions—and other merchants as well—to the shipowners when we want them to alter a certain rate, say, this week——

14610. To bring it to a point, do you as a business man say that the shipowner should give no notice at all before a rate is changed?—No, he should discuss it with the Association, before giving notice to everyone that it is going to be done.

14611. I am not quite sure that I understand that. Do you mean to say that, to use a homely expression, he should keep up his sleeve what the rate is to be?—Well, there might be occasions on which he should not consult with the merchants as to the advisability of making an alteration.

14612. Did you, when addressing the assembly of merchants in Manchester, make the suggestion that that should be a leading feature in the programme of the merchants?—No. As far as possible I believe in giving notice, but there are occasions on which there are difficulties in the way of giving notice, undoubtedly.

14613. Supposing there was no permanent association, what then? Do you consider that nothing should be done?—I think we should form one—we ought to.

14614. (*Chairman.*) When you were here on April 9th, Professor Gonner put this to you (Q. 2936): "It would "be an advantage, I suppose, if these understandings "between the shipowners and your Association, or "any association, were embodied somewhat more defi-"nitely?" and then you say, "I think it would be a "great advantage to have an agreement between the "owners loading in the trade and the Association, "somewhat on the lines, but on a more extended scale "than the one which exists in the Cape trade." Then

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at Q. 2950: "You would strongly favour an agreement "being drawn up?—(A.) Yes. (Q. 2951) You feel that "that is essential, and there should be, as it were, "certain conditions laid down on the one side, and "certain conditions laid down and guaranteed on the "other?—(A.) In saying I consider it essential, I con- "sider it is essential, not because of the difficulties "that have arisen through the absence of an agree- "ment, but because I see the possibilities of difficulties "arising in the future." I do not want to go over the ground again; I simply want to ask you a question of fact, and for that purpose I have troubled you with these extracts. Those negotiations on that question, whether the terms shall be put in writing, have commenced, but they have not yet had any definite result, have they?—The answers to those questions that I gave then I have just read over again, and I could only repeat them to-day in identically the same terms. We see the advisability or the necessity, if you put it so, of such an agreement, but as I said then, we have our practical difficulties. The readjustment of this freight scale has taken a great deal of time, and we have not had the time yet to get the thing done.

14615. You have not yet succeeded?—We have not attempted it; we are going to, but we have not had time.

14616. You have been doing other things that are more pressing?—Yes.

14617. (*Mr. Sanderson.*) As you have stated in your evidence, from time to time in the United States there have been wars of rates due to the coming in of other interests, and, as a consequence, the rates of freight have gone down or have been reduced, and as a coincidence, lines of steamers running from New York have happened to be owned by the same people, or some of them, that run from England. Why should that ownership be a reason why the English manufacturer should ask the English lines to take the same rate of freight? The fact exists that there is an opposition from the United States, but because they are in the same ownership is that any reason why they should cut their throats from England?—There is a reason, but possibly you may look upon it as a sentimental one. There is a strong sentiment that the shipowners who receive the merchants' cargo are, to some extent, under some obligation to the merchants who provide the cargo, and if the shipowner is getting the cargo from the United Kingdom at certain rates, the shipper naturally feels aggrieved if that good friend of his is taking the same cargo from a foreign country at a lower rate. It may be sentimental, it may not be practical; from a merchant's point of view it appears a little practical as well, and therefore that is a grievance to the merchants.

14618. You may sell your goods at low prices, we will say in India or China or Austria, or anywhere you chose to select, because there is excessive competition in Austria, say, or in China, due to extraneous causes which do not apply in other countries; would you think it fair on the part of the buyers in other countries, hearing that you were shipping your goods at these low prices to that country, if they were to ask you to take the same terms, for sentimental reasons? Is that case not on all fours with this?—It would only be an opinion if I were to answer it; I could not answer it from practical experience.

14619. Is it not on all fours?—It appears to be sentimentally on all fours.

14620. As the Chairman very properly points out, a boat from New York carrying cargo viâ Liverpool to Australia does not affect the main point we are here looking into, of deferred rebates; still, it has been repeatedly put before this Commission, and you, I see, allude to it. Is it not the fact that this Company, the White Star Co., have for very many years had a share in the trade from New York to Australia, practically long before direct steamers ran from the United States?—Yes, that is the case.

14621. Is there any reason, because they chose to try to retain their share of that business which they built up and worked hard for, by carrying it viâ Liverpool instead of putting on direct boats from New York to Australia, why they should not do so?—No.

14622. Then is it fair for you to ask them, where they are losing money in this way in trying to retain a business which they have always had, that you should participate in the reduced rates to which they are forced by the competition on this route?—If they were to carry the goods through from New York viâ Liverpool to Australasia at the same rate as they charge from Liverpool, we should not object. Although there might be a sentimental objection that they were doing more work for their money in that transaction, we should not object to it, because the two rates would be uniform.

14623. Let us go further. You say now that there is a German company stepping in, and I gather from the letter which you quote, in Answer 7, that there is going to be a new war of rates, and they may have to go down to 10*s.* or 14*s.* If the White Star wish to retain for future profit their share of this business, that will compel them to carry this cargo at these reduced rates, either direct or viâ Liverpool; but is that a reason why they should bring down the whole of their English rates to you?—I can quite see that it would be a difficult position.

14624. Is it reasonable that they should do so?—I cannot say that it is reasonable, but these fights are very awkward for us merchants.

14625. True, and they are very awkward for the shipowner, are they not?—Yes.

14626. If they ought to cut down their English rates in that case, then the other way of doing it would be for the White Star to say, "I will stop carrying viâ "Liverpool, and put on a direct boat from the United "States to Australia"?—That would remove the sentimental part of our objection.

14627. It is a case of pounds, shillings, and pence, when men are fighting for existence—they do it as cheaply as they can. It cannot possibly affect you, taking it viâ Liverpool?—Except for the sentimental consideration.

14628. (*Mr. Barry.*) I think you said that as a merchant you have no objection to the British shipowner carrying freight from New York to Australasia viâ Liverpool if it is carried at the same rate as you are charged from Liverpool?—Yes.

14629. Do you think it is reasonable for the shipowner to carry the goods of American manufacturers 3,000 miles further for the same rate?—It is objectionable from our point of view as merchants—from the sentimental consideration; but there is this practical view of it, if I may put it so:—The White Star Line have very large steamers going from Liverpool to Australasia which they cannot load full; they have certain cargo in New York to take to Australasia, and it might pay them, and I think I could show pay us as well, that they should bring that freight to Liverpool and earn some freight—a lessened freight—in carrying it to Australasia; because the steamer has to live upon what she makes out of her hold space, and the more she can get in the better it pays her. Therefore, I think we cannot altogether reasonably object to it.

14630. You have been good enough to give me what I take as the shipowner's view, but I was asking you for the view of the British manufacturer or merchant?—I was looking at it from the merchant's position. If a man sends away his steamer half full, he is carrying goods in an uneconomical way, and he could afford to reduce his rate, perhaps, if he got his steamer full, even if the cargo to fill it up were at a lower rate.

14631. Following up that line of argument for a moment, the shipowner would probably get five-sixths of his freight from Liverpool; is it not reasonable, from the point of view of the British manufacturer, that he who supplies five-sixths of the freight should have it at a cheaper rate than the man who supplies one-sixth?—I should prefer it to be so. If the American manufacturer and merchant is not at an absolute advantage with us, if he is on level terms with us, we consider that we have no particular cause to grumble and we are willing to put up with it.

14632. If he is on exactly level terms with the British manufacturer, is it not a fair conclusion to arrive at that the British manufacturer is paying more or the American manufacturer is paying less than what is absolutely just?—Quite so.

14633. That would be a fair conclusion?—Yes. I take it that what you mean is, that the people who

provide five-sixths of the freight ought to have some advantage over those who only provide one-sixth.

14634. Precisely?—That is rather contrary to the idea that the small shipper should be treated on an equality with the large shipper.

14635. Precisely; but you were arguing that the shipments from America are put in mainly to fill up space?—Yes, they are brought to Liverpool to fill up space.

14636. They may represent only a small proportion of the total cargo?—That I could not tell you, of course.

14637. As a matter of fact, I presume the American cargo only represents a small part of the whole cargo, and that the bulk of the cargo will go from Liverpool?—I expect that the considerably larger portion will go from Liverpool.

14638. Then I come back to the point I raised a month or two ago, that the British manufacturer has some right to complain that he is charged a higher rate whilst he provides the best proportion of the freight?—Yes, I agree with you.

(*Sir Hugh Bell.*) Before the next Commissioner proceeds to cross-examine, in order to keep it as short as possible, I venture to suggest whether we should not rather cross-examine Mr. Tredwen, who has been recalled to answer certain specific questions, upon the specific points that were put to him.

(*Chairman.*) I think we ought to limit the cross-examination to the new instances which have been put. I departed from that course only on one point—I wanted to know how far the negotiations had been going on since we met last. I think we ought to limit ourselves, certainly, and that we ought not to put questions with reference to matters as to which the witness was examined some time ago.

(*Mr. Barry.*) I confined myself to those.

(*Chairman.*) I was not speaking at all with reference to your questions.

(*Sir Hugh Bell.*) I did not say what I did because of anything Mr. Barry had said. I spoke just generally as to the line of cross-examination.

(*Chairman.*) And I was only answering you generally as to the cross-examination.

(*Mr. Maddison.*) That means that all the questions that have been hitherto put are proper questions—are quite in order and quite right, because the intervention must have some meaning.

(*Sir Hugh Bell.*) I should not like to have anything interpolated into my language, except exactly what I said. I think the cross-examination should confine itself to the new matter.

(*Chairman.*) I think that is the proper view to take, and I believe that is the general view.

14639. (*Mr. Maddison.*) You have given us an account of these negotiations which have gone on since the last meeting—I am beginning on safe ground there, I think—and you have given us rather a glowing account of your success; you have got 163 items, for instance, on which the Melbourne rates have been reduced, and so on. Do you think all that could not have happened without the deferred rebate, but just with the Conference?—That had nothing to do with deferred rebates. That was merely because there was a Merchants' Association. It could not have happened without a Merchants' Association, I think.

14640. That is clear; but all this could have happened, granted that you had a Merchants' Association and that there was a Conference—the system of deferred rebates was not necessary to it?—It is not a factor in the consideration at the moment—or rather not a direct factor.

14641. So that it is no argument for the rebate system?—That is so.

14642. In answer to a question put to you by another Commissioner, you said that the fact that merchants did not combine was evidence that they had no burning grievance?—Yes. We combined in our trade because we had what we considered was a burning grievance.

14643. Would you say that wherever there is an absence of combination, that is proof that there is no grievance?—We never had any particular grievance until we were led to combine by a grievance. I take it that I can only speak from our own experience; that is why we combined.

14644. How long were you before you combined?—The combination took place when our Association was formed.

14645. When was that?—About six years ago.

14646. How long had these Conferences in your trade been going on with deferred rebates?—Since then. I have given all the details about the deferred rebate in my previous evidence, I think.

14647. Then the deferred rebates began at the same time as your Conference was organised?—No; the deferred rebates began in 1885.

14648. That is my point; from 1885 up to six years since, had you no grievance?—We had no particular grievance—no sufficient grievance—that we did not individually get redressed for ourselves.

14649. Would you say that you think that was generally true of other trades?—In the Cape trade it was not, because they formed a Merchants' Association or a Merchants' Committee before we did.

14650. We have had it in evidence that many of these Merchants' Associations are feeble folk—that a good many of them are just mere nothings, I think we have had it stated. The point I want to ask you is this: You do not seriously say that there is no grievance because there is no combination, do you?—There would be no substantial grievance, or people would combine. It is in the nature of people to combine when they feel they are all under a grievance.

14651. Then you would be surprised to know that in industries some of the very worst cases are always those where they never do combine?—I cannot speak from experience.

14652. There are the sweated trades—you know a little more than about your own Conference?—Yes.

14653. You would not establish it as a general proposition that the absence of combination means the absence of grievance, would you?—The sweated, I take it, are so poor that they have no means of combining, and they have no opportunity.

14654. Yes, they have means; anyhow, I will not go further into that. You said that when the German appeared on the horizon at New York there was likely to be a good deal of competition, and that if there had been a deferred rebate system in New York, they would have dealt with it better?—I think so.

14655. Whom would that be an advantage to, do you think?—It would be an advantage to the British merchants here, because we should not have a fight going on in the trade.

14656. Do you think it would be an advantage to the American shipper?—I think the American shippers will find the disadvantage of this ruction that is going on, except those individual big shippers who get the lower rate.

14657. Then you think the Americans have made a mistake in abolishing deferred rebates?—I think so.

14658. Have you any idea of their views? Do you know any American merchants?—Yes, I know an American merchant, and he is one of the strongest upholders of Free Trade at the London Chamber of Commerce there can possibly be. He is the Member for Wandsworth.

14659. The Member for Wandsworth is an upholder of Free Trade?—Yes. He is a partner in H. W. Peabody & Co. He is Mr. Seaverns, who is Member for Wandsworth, is he not—or somewhere about Wandsworth.

14660. He is the Member for Brixton. What you said was interesting to me, as I live in Wandsworth, and I was going to say it was the first time the Member for Wandsworth had ever uttered any Free Trade sentiments. One word about the small shipper. I think you make it plain in your evidence that you have no guarantee by agreement that there is no differential treatment?—We have an undertaking in writing, I think—by a letter from the chairman of the Shipowners' Association to our Association—that they will give us notice of any such contracts.

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14661. Do you feel sure that under no circumstances under a Conference system and a rebate system is the large shipper given an advantage over the small one? —Such instances have not come under my notice in my practical experience.

14662. And your view is that no such thing exists? —I do not think they do to any extent.

14663. Take the case of these two Harvester Companies, the American and the Canadian, offering a large amount of tonnage; supposing they made that offer under a deferred rebate system, do you think the shipowner would refuse them special terms if they pressed him hard enough?—The question is what you call pressing hard enough. I think in the ordinary way that the shipowner would be induced to make a special low rate for harvesters, and they would get that rate the same as other people.

14664. Would they get a lower rate than a smaller man?—I doubt if they would.

14665. Do you think the Harvester people would be satisfied with that? Do you really believe that big people like this would be content to have the same rate as a man shipping a few hundred tons?—They would be satisfied, I have no doubt.

14666. Do you think they would stand it at all?—I think they would have to.

14667. Do you think the shipowners would cause them to stand it?—I think so.

14668. But you do not know—is that your evidence? —You are asking for my opinion.

14669. You have no experience where there has been any differential treatment?—I have not heard of any such.

14670. I want to be clear on this: A man shipping 10 tons a year gets the same terms as a man shipping 10,000?—Yes, if there is a shipping of 10,000.

14671. Or 5,000, or whatever it may be?—Yes.

14672. Just one question about this notice. You surprised me; at first you almost seemed inclined to think that it was not an advantage to have a notice of an increase or a decrease in rates, and you said you were rather impressed by the hardships to the shipowner I noticed. In reply to Sir John Macdonell, you said there were some difficulties which you could mention about these notices being given; I wish you would mention one or two?—I said, as a merchant, if I knew the rate was going to be reduced on the 1st February, I should keep my cargo back until the 1st February.

14673. Is that a difficulty?—It would possibly put me to some inconvenience, and my clients on the other side, to do it, against which we should set the lower rate; and the shipowner probably would have to go with his ship partly full, which is a loss to him. So that it is not always advisable that there should be too public a notification of a coming change of rate.

14674. Is that not just one of the incidents of trade which only happen at very infrequent intervals? You would not call that a serious difficulty, would you?—No.

14675. You gave that instance before: have you any other difficulties besides that?—We sometimes want a rate lowered suddenly. I have several instances in my mind of practical experience, where we have wanted the rates lowered suddenly, in the case of something we have got to tender for by cable within the next three or four days. We have gone to the shipowners and said, we want you to give a special rate. I did so on one occasion with regard to second-hand sacks to be shipped out to Australia for the purpose of bringing home wheat. The rate was 32*s.* 6*d.*, I think. I said, "I want you to make "a special rate for this; it is the only way in which the "business can come from the United Kingdom, and I "want it done within the next two days." They had a committee meeting, and they did it. They could not have given due notice to everyone of that. We, as merchants, do not want the shipowners to be bound, any more than ourselves, so that they cannot make sudden alterations.

14676. But surely that was a special rate for a special circumstance?—It was made available to everyone.

14677. It would be made available to everyone?—It is available.

14678. (*Chairman.*) I think Mr. Maddison is speaking of a case where there is a general alteration in the rates of freight?—I quite agree with Mr. Maddison that no general alteration of rates should be made without reasonable notice.

(*Mr. Maddison.*) If you had said that before, that would have satisfied Sir John Macdonell, and I should not have put these questions. If you now say that, I have nothing more to say.

(*Mr. Taylor.*) He does not mean that, does he?

(*Witness.*) All I objected to was it being compulsory by legislation that no changes should be made without sufficient notice being given.

(*Mr. Maddison.*) A Commissioner has made the remark that he thought the witness did not quite understand and did not quite mean the answers he gave. I pay some little attention to this, and I should like to know, if you would allow me, whether Mr. Tredwen now says that he thinks there should be a notification of a general change in rates.

14679. (*Chairman.*) Of every general change in rates, you think so, do you not?—Practically, yes; we prefer that.

14680. (*Professor Gonner.*) You do not answer to any great extent the ninth question that was put to you as to the relations of brokers and shipowners in the Australian trade; you merely say the broker is almost extinct?—Something like the sailing vessel.

14681. But there are loading brokers still, are there not?—They are mostly loading the steamers that they are owners of, or part owners in.

14682. Still they act as loading brokers for those steamers?—Houlder Bros. act as loading brokers for the Blue Anchor Line of William Lund & Sons.

14683. I think there are a good many besides those. Do you adhere to this statement that they are practically extinct?—They mostly load ships which they are owners or part owners of; but Houlder Bros. act as loading brokers for the Blue Anchor Line in certain of their loadings, and Trinder, Anderson & Co. also act as loading brokers for the Blue Anchor Line for certain ports—for Adelaide for certain loadings. They are brokers in that respect, and they have been brokers for that line since it came there.

14684. What about Devitt & Moore's?—Devitt & Moore is a name, the business is practically F. Green & Co. now.

14685. But they are brokers?—They never come before us in any other way.

14686. There are some loading brokers in Liverpool, I know?—The partners in Devitt & Moore, I think, are now partners in F. Green & Co.

14687. But the ships are, of course, passed over?—I think Devitt & Moore's ships are all sold, except one or two.

14688. You think there are very few loading brokers, except the people who are naturally shipowners?—Yes.

14689. When did this alteration take place?—It has been a gradual process. The brokers originally were those who chartered sailing vessels to load in the trade; some owned sailing vessels and chartered other sailing vessels to maintain the regularity of their lines. As sailing vessels became extinct, the broker's existence ceased to be necessary, because the owners came into the trade, like the Orient Line when it was formed came in, and get their loadings done by the managers who are the brokers to do the work.

14690. What I do not quite understand is this: There are some firms of loading brokers who are not shipowners, and who are yet parties to the Australian Conference?—I gave you two names, one, Houlder Bros. & Co., who are shipowners, and who, apart from loading their own ships, as brokers load for William Lund & Sons and collect freights on the steamers that they load as brokers.

14691. There may be others, I suppose?—I mentioned also Trinder, Anderson & Co., who load those same steamers for another port, Adelaide. Houlder Bros. do the Melbourne business, and Trinder, Anderson & Co. do the Adelaide business.

14692. There may be others as well?—There may be, to a small extent.

14693. What part do they play? I do not understand the position of a loading broker in a Conference?—

Take the P. & O. steamers. The P. & O. Co. have their own business to look after. They do not manage their own freight, but they have Escombe, McGrath & Co., who are their loading brokers, and who attend to the getting of the freight, the collecting of the freight, and do the loading for the P. & O. Co., who I suppose pay them a commission, probably a small commission, for the work that is done.

14694. Is the loading broker an effective party in the Conference?—That I could not tell you; because we are not holders of the secrets of their prison house.

14695. Then there is some peculiar position which the loading broker may hold in the Conference and in the regulation of the Conference?—You see the loading broker is the one who comes in actual contact with the merchants and, therefore, can best convey to his owners the sentiments of the merchants and what the merchants want.

14696. It is sometimes alleged that the large liners and many of the steamship companies are rather squeezed by loading brokers, and that they are not their own masters?—That I could give you no information upon.

14697. Can you give us any information as to the rates which were charged to or obtained by these larger American and Canadian combines; what sort of reductions were they?—Of course one only has hearsay to go by, but the reduction appears to have been about 25 per cent.

14698. A reduction, you think, of about 25 per cent.?—Yes.

14699. That is a very big reduction?—Yes.

14700. Was that the result of common action; did the two combines act together?—No; each goes and does its own business.

14701. Do you know what the shipments would be; have you any idea whatever of that?—From what I have heard said in many directions and summing it all up together, I should take it that probably they ship 25,000 tons.

14702. Each?—No, per annum, the two together.

14703. Now, going to another thing, what is the position of the White Star with regard to the Conferences? Is it in any conference?—They are in the Australian Conference from Liverpool to Australia, and the rates of freight from Liverpool to Australia cannot be altered without consultation with the owners who load from London to Australia. What the nature of their Conference is I do not know, and on that you must get information at first hand. They work in agreement at any rate.

14704. So far as America is concerned they are not in the United States Conference to Australia, are they?—I take it that there is no Conference.

14705. There is a Conference?—There was what you might call a working in harmony or agreement, but there is no regular Conference.

14706. There is no rebate, but there is a Conference; they are not in that, are they?—To what extent they are in it, I could not tell you exactly.

14707. What I wanted to get at was this reduction of theirs of half-a-crown when they come by Liverpool; do they give a direct rate?—No, they do not.

14708. Do the other boats?—The other boats load direct.

14709. Are they half-a-crown cheaper than the English boats or not?—No. They were willing to charge the same rates from England as they did from America, and the White Star Line wanted to charge half-a-crown less.

14710. Because she came further?—Because of the disadvantage of the transhipment, was the contention.

14711. That is because she came further; does that still continue, notwithstanding your opposition to it?—Quite so.

14712. And you have not been able to alter that?—No, the White Star have not come into line.

14713. That would not be a negotiation between you and the Conference, but it would be a negotiation between the Australian merchants and the White Star as a separate company, would it not?—It is wrapt up with the Conference, because I take it that anyone who is in a conference cannot make an alteration of his rate without the consent of his colleagues. He has to consult his colleagues; and we first of all put pressure on the White Star Line through their colleagues.

14714. You approached the Conference, that is?—Yes. Then, not arriving at a satisfactory solution, we invited a Conference between them and their colleagues and myself. There was what you might call a triangular Conference.

14715. I think I see now more clearly the exact arrangement. Why is there no rebate in the homeward trade from Australia? You have pointed out the advantages of the rebate; why is the homeward trade from Australia deprived of these advantages?—I know that there are rebates given in some of the homeward trades, because only this week, when it was necessary for me to get a rate of freight homewards, I found that the rate of freight homewards was 55*s.* per ton, plus 5 per cent. primage and less a rebate.

14716. May one inquire what goods it was in?—It was New Zealand hemp—they call it flax, but it is really hemp—which was coming from New Zealand to the United Kingdom. I was quoted that rate.

14717. Was it a deferred rebate?—That I could not tell you.

14718. You have not got it yet?—No.

14719. (*Chairman.*) There is no system of deferred rebates from Australia, is there?—I do not think there is.

14720. That is the evidence we have had?—That, I take it, is probably correct.

14721. (*Professor Gonner.*) That must be a great disadvantage to the homeward trade, must it not?—The rates fluctuate a good bit in the homeward trade.

14722. Is that not very disadvantageous?—We have found it disadvantageous personally on one or two items.

14723. But not very disadvantageous?—We have found it very disadvantageous in stopping the regular shipments of one article we were considerably interested in.

14724. Still, is there a great deal of complaint in New Zealand by the New Zealand shippers about it?—I could not speak from experience about that; I am only there occasionally at three or four years' intervals, and for six months at a time.

14725. Still your knowledge is very wide, and if there had been any very grave complaint you would have heard of it, would you not?—Yes, I should think so.

14726. I should judge from your evidence that you rather view a shipping conference with a deferred rebate as almost an essential to the conduct of reasonable trade?—It is a great advantage, I consider.

14727. Coming homeward you are deprived of that advantage?—I believe that they have arrangements, what you might call a sort of conference, without its being perhaps elaborated to the extent that it is in the outward business; but they do arrange and fix things, and agree to maintain uniform rates homeward, I know.

14728. In all things—in frozen meat, for instance?—I could not say how it is with regard to frozen meat and butter, but every now and then——

(*Chairman.*) The evidence we have had on this point, I think, is that with the high rates of freights from Australia it was unnecessary to have a system of deferred rebates.

(*Sir Alfred Bateman.*) Is this a question that comes within Mr. Tredwen's experience?

14729. (*Professor Gonner.*) I was asking, because it is such an interesting point, and I thought Mr. Tredwen might give us some information upon it. (*To the witness.*) You have dealt with this reduction of 6*d.*, or a certain percentage, in view of the rise in price of bunker coal; and I quite appreciate the position. I think you stated that the merchants felt that it was just, and that you said that to the shipowners. You have also dealt with another question—that is, the placing of the American rates on the level of the English rates. Was the Australian consumer considered on that question?—I do not think that consideration entered into the calculations of anyone concerned.

14730. (*Mr. Taylor.*) I think I understand what you said about giving notice; you think the shipowner would be better advised to give notice of any change in the rates, and you now have reconsidered the argument that he is the vendor of a perishable article and all that?—One of

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the objections that they had, and it was a practical objection, to the giving of long notice, was——

14731. That the cargo——?—Might not come forward if there was going to be a reduction of which long notice was given.

14732. What difference would it make in pounds, shillings, and pence to the shipowner?—If he sends away a steamer with half her space unfilled?

14733. He gets just as much space in the next steamer filled?—But supposing in the normal course there is just cargo enough to fill each steamer as it goes, he cannot make the next steamer carry 50 per cent. more than her tonnage. The commodity which he had to sell one day has gone, and it has been lost, and he cannot ever sell it again.

14734. The argument is that every steamer is filled?—That is the most economical way of carrying freight.

14735. But that is your assumption, that there is enough to fill every steamer?—I am assuming that.

14736. You say the shipowner gives notice on the 1st February, "I am going to lower my rates 5*s.*," then the ship will go half-full?—Quite so.

14737. And the argument is that by no possibility can he get the rest of the cargo away?—If the next steamer can carry double the quantity, of course it could be done.

14738. I put it to you that in the bulk of cases, surely the tonnage is sufficient to take later on the cargo that has been withheld for a particular object?—It would not be so, if the ships were loading full; and the most economical way of carrying goods is always to load them full.

14739. I quite agree that from the shipowning point of view nothing can be more delightful than to have the ship full, but it is not always the case, and, in fact, it is very seldom the case?—We have had cases I think lately where we have been shut out.

14740. I suppose if there were an accumulation of cargo they could put on an extra boat—they might even charter a tramp?—That would be advantageous, certainly.

14741. They might do that at a cheap rate, and actually make a bigger profit than out of their own boat?—I have had instances of cargo shut out of vessel after vessel, and lying about the docks for three weeks. I have actually had to send malt back to the maltster to be redried, because we dare not ship it, because it had got damp through waiting for vessels.

14742. This is the result of the deferred rebate system, which prevents a vessel from coming in to take your goods?—I am talking of years ago, of course.

14743. With regard to the price of bunker coal, the table that you have put in is a most interesting table; but I see you give the weekly variations in the price of coal from 21st September, 1906, to 29th November, 1907; why weekly?—I will explain. My firm have by every Friday's mail to advise a certain Government of the ruling prices for the various kinds of coal. They commission us to give them that advice. That advice we send them every Friday. When I wanted to see whether the shipowners' contention was justified or not, all I had to do was to take the file of letters to that Government and refer back. I copied these figures out in my own handwriting from the file that we had dictated for that Government's information to guide them.

14744. I think that is most interesting. You do not suggest that shipowners buy their coal weekly, do you?—No; but I had that record of the price of coal on every Friday.

14745. Would it surprise you if I told you that some of the shipowners with whom you have been negotiating contracted for coal at 15*s.* a ton on 21st September, for a year's supply?—That was very fortunate for them; I hope they have.

17746. Do you not know that it is the custom of large shipowning lines to place their contracts yearly?—Quite so.

14747. Therefore it may be that this rise in the price from September, 1906, to September, 1907, really had no interest to the people who were negotiating that at all?—They had not raised their rates during that 12 months. We will assume your argument to be correct that they had made a 12 months' contract which ran out on 21st September, 1907; they would then have to contract while Welsh coal was standing at somewhere about 19*s.* to 21*s.*, I think, by the table; therefore they must sooner or later pay the price.

14748. They might not?—No, they might not.

14749. Of course coal might come down. I understand as regards the surtax for the extra price of bunkers, that has not been put on yet?—That has not been put on.

14750. Did they suggest that it should come off when coal came down?—They have not put it on, but they suggested when we were worrying them to get certain rates reduced, "If you get all these reductions we must "put on something to compensate for these things."

14751. Just one concluding question on your answer 8 about these large American and Canadian combines, of which we have heard so much. I understand that you start from the principle that British trade ought to be encouraged, and that what you desire is equal rates from the United Kingdom and the United States for all goods that the United Kingdom can supply?—That is it.

14752. You say in answer 8 that these combines, in the absence of the rebate system, have "the opportunity of "squeezing the shipowners"?—Yes.

14753. Are these goods that could be supplied in England?—The majority of those harvesters are not made here. They are specialties, and the user on the other side would not take the English machinery against them, I think.

14754. What is your interest in the matter—I mean to say, what does it matter to you, as a British manufacturer and merchant, whether these combines squeeze the shipowner on the other side, or not?—I am not objecting at all. I am not raising the objection that the combine in harvesters has got that low rate, provided we get the same low rate from this country if these harvesters could be shipped from this country.

14755. I understand that you are contemplating that those goods might be shipped from this country under those circumstances?—Yes, the small bones of the business, in fact.

14756. Just let me follow that for a minute. The combine in America or Canada, owing to its control of a large amount of goods, gets a special concession out of the shipowners, due to the absence of rings supported by deferred rebates?—Yes.

14757. I suppose that is an advantage to the consumer in Australia?—It would be if——

14758. He is a British citizen, is he not?—It would be an advantage if the man in Australia could thereby get his harvesters cheaper, but he is not getting the harvesters cheaper. The harvester company are making the extra profit, as I understand it.

14759. If there were any competition by these goods supplied from England——?—We were arguing with regard to harvesters, which would not be supplied from England in any case.

14760. We have cleared this out of the way, because I said to you if it was those harvesters, you have no interest in the matter?—Quite so.

14761. That is an American question with which England is not concerned. We are arguing from the point of view of British trade. If, on the other hand, they are goods which can be supplied from this country, why should the Australian consumer be debarred from the benefit of the cheaper price due to competition in ocean carriage from America? He is debarred, as I understand, in England, because you say there can be no competition because an excellent system called the deferred rebate system supporting a ring of shipowners prevents his getting that benefit; but he gets it in America because there is no such system. You say he ought not to get that. Why ought not he to get it? Why should not the Australian user of any implement you like that is made in America and in Canada get the benefit of a cheapening of the ocean carriage from America owing to the absence of the rebate system?—I have no objection to the Australian getting the benefit at all, provided the English merchant and manufacturer has the same opportunity of getting the same rate from here. That is what we wanted the shipowners to give us—the same rate from here as from America.

14762. Then why not abolish the rebate system here?—Because I think the rebate system if abolished here

would cause the same squeezing out of the small shipper, the moderate shipper, by very large shippers as takes place in America.

14763. Does the Australian user of these implements inquire whether they come from a small maker or a large maker?—I could not say; but I do not suppose he does.

14764. Do you contend that trade should be lost to this country—because I suppose that is what it comes to—by these combines using their power not only of producing these machines, but of getting cheaper carriage?—I think that by their combination they do get cheaper freight than we can get, and that is disadvantageous to us; and that if there were an effective rebate system there they would not be able to squeeze the shipowner to the same extent.

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14765. Is not the origin of their getting that pull, not the absence of a rebate system there, but the existence of the rebate system here?—No; it is the absence of it there in the Australasian trade.

Mr. ARTHUR S. GLADSTONE, called and examined.

14766. (*Chairman.*) You have had very great experience for 25 years—in Calcutta and Rangoon and also in London, in the business of Messrs. Gillanders, Arbuthnot & Co., of Calcutta and Rangoon, and of Messrs. Ogilvy, Gillanders & Co., of London and Liverpool?—Yes.

14767. You have prepared for us a statement which we may take as your evidence-in-chief?—Yes.

(*The witness handed in the following statement.*)

I do not propose to submit in evidence anything in the nature of statements involving figures, because I have no records on the subject which would enable me to go into detailed arguments and proof by figures. I can therefore only submit in a general way the experience gained in some 25 years passed first in Calcutta and latterly in London in the business of Messrs. Gillanders, Arbuthnot & Co., Calcutta and Rangoon, and Messrs. Ogilvy, Gillanders & Co., London and Liverpool, all these comprising one firm with head office in London.

I will refer as briefly as possible to the various routes of trade in which my experience has lain and give the impressions which the conditions of each have made upon my mind.

(1) The outward trade from the United Kingdom to Calcutta and Rangoon.

Two very old established and powerful Conferences of Shipping Lines control the steamers engaged in these trades, one dealing with Calcutta and the other with Rangoon. Rates for cargo are fixed and occasionally altered, and deferred rebates on a well understood scale are made on the terms usually adopted.

My opinion upon this subject is that the arrangement has facilitated and encouraged trade. A living rate of freight has been secured by the steamship owners who provide a full and well organised service of steamers. As much space as is wanted is available and small shippers have equal advantages with large shippers. Thus general enterprise is assisted and the trade is prevented from being the monopoly of the few. My recollection goes back to the period when the Clan and Anchor Lines were determined to get into the Calcutta trade and when rates fell to pieces and big shippers were able to secure freight at rates which smaller firms could not obtain, resulting in a partial dislocation of business and a difficulty in working which under present arrangements is practically unheard of.

(2) The homeward trade from Calcutta to London and Liverpool is carried by the vessels which are owned by the outward conference just referred to. There are no rebates (except for tea) in this trade, which is held by the liners above referred to by the fact that they have to return to the United Kingdom, and can, if opposition is offered, underquote competition. This is so well known that they have practically no competition and the rates charged are very moderate.

(3) The homeward trade from Rangoon to London and Liverpool.

This trade is (compared to that from Calcutta) in comparatively few commodities, and the liners which carry it are those which compose the outward conference.

Shipping facilities to all firms exist for all goods except for rice, in regard to which there is a difficulty as follows:—

There is an arrangement by the steamship agents in Rangoon under which they may declare to the owners that they will themselves supply full cargoes for the homeward voyages of the steamers, and this results in the refusing of freight for rice to firms outside the circle in Rangoon generally known as the Baps ring.

Thus in practice the trade in Rangoon rice for Liverpool and London is confined to certain firms. Attempts have been made to break this monopoly but without success.

The effect is to benefit the few firms who are in the ring and to prevent selling competition by those who are outside of it, among whom are my own firm. My personal belief is that if they chose, the steamship owners could put an end to this monopoly which practically constitutes a shipping ring.

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(4) The export trade from Calcutta to Australia and New Zealand.

My experience goes back to the time when this trade was done by sailing vessels chartered by firms in Calcutta. The trade was, compared with that of to-day, very small, and those firms who could afford the risks inseparable from chartering (one of which was my own firm) were able to keep the command of it. The starting of a line of steamers quickly followed by another, and the establishment of regular sailings, and forward bookings, coupled with a deferred rebate, at once killed the chartering business, and awakened competitive interest in the trade on the part of many who could otherwise not have touched it. Since then the trade has rapidly grown, but whether this is due to the shipping facilities afforded or to the natural increase due to the increasing requirements of Australia, I am not in a position to decide. Probably both causes are responsible.

In this trade, so far as I can judge, it would have suited my firm better had no line of steamers with rebates been established, and if it had been possible for us to continue chartering ourselves (steamers, of course, in succession to sailing ships); but looking at the trade from an unbiassed point of view, I cannot say that the establishment of regular sailings which bring with them the rate system has been anything but a benefit generally to the trade.

(5) Calcutta to United States.

The freight facilities in this trade which is served by a combination of owners are complicated.

Freight is booked in Calcutta from all applicants under a rebate system, but engagements are also made in the United States on the part of the firms who buy the goods, and the terms accepted are not known to the Calcutta shippers.

It may be presumed that the United States firms in question obtain better terms than are available in Calcutta, but the question is further complicated by the fact that the cargo is frequently booked through to inland cities involving railway rates in addition to the sea freight. Special concessions are possibly made in such cases in the addition for railway rate.

I can therefore only say that the existing arrangements include a regular service of steamers, the certainty of being able to ship goods sold, and the possibility of obtaining freight for large or small quantities as required, at moderate rates.

(6) Calcutta to South America, East and West Coasts.

Up to recently the trade to the East Coast (chiefly to Buenos Ayres) was conducted via Liverpool almost exclusively, a through rate being quoted by one of the homeward Conference Lines.

The trade to the West Coast (Chile and Peru) was, up to lately, chiefly carried in vessels chartered by firms who purchased full cargoes for them in Calcutta and did not relet any space to outside firms. At the same time, small quantities were shipped via Liverpool or London, on through bills of lading granted to the homeward Conference Lines.

Within the last two years or so the growing importance of these trades resulted in a firm of steamship owners establishing a direct service to the East Coast (Buenos Ayres) with a communication to the West Coast, coupled with rebate conditions which involved the classing of both trades as one. The old chartering system for the West Coast has continued and at present matters are in an unsettled condition. The East Coast service provides lower rates of freight than via Liverpool, and may be called on that account an assistance to trade, but the system of treating the East and West Coast trades as one

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involving forfeiture of rebates unless the conditions regarding both are observed, is not satisfactory, particularly as the freight opportunities afforded to the West Coast are few and far between.

(7) Calcutta to the Cape.

A Conference with rebates has existed in this trade for a number of years, superseding vessels chartered for full cargoes by which outsiders could not get freight. Rates have been kept at a somewhat high level, and complaints have been frequent as to inefficiency of the service. Recently an attempt to break the monopoly was made by an outside line, and rates went down so low that the opposition had to give in. I believe the service has improved of late, but we are not largely interested in this trade, and I am not very fully informed upon present details.

(8) Calcutta to China.

The trade is carried by two old established lines which work together and provide an excellent service. Rates are not exactly cheap, but outside competition does not show itself here. The companies concerned are believed to have friendly arrangements with other companies conducting coasting trades or otherwise having lines in the East, whereby spheres of trading are delineated, so that a Conference practically exists in this trade. The public have nothing, in my opinion, to complain of in the way the wants of this trade are supplied.

(9) Indian Coasting Trade.

This is largely in the hands of two English companies, who run off competition when it appears, so that a sort of conference or ring may be said to exist. The service is more than ample, and affords the greatest facilities to shippers, who need never trouble themselves on the question of getting as much space as they want. The companies concerned are prosperous, but they earn their prosperity by the railway-like service they afford.

(10) In conclusion, I may say that I consider shipping conferences or rings, with or without rebates, have proved and will always be beneficial to trade so long as they give the general body of shippers what they require : (1) an adequate service of steamers, (2) moderate rates of freight, (3) and equal treatment to all shippers, big or small.

On the other hand, where a ring exists, taking advantage of the helplessness of shippers to escape from it—giving inadequate facilities, constantly shutting out goods or delaying cargo by irregular sailings, penalising one trade by combining two quite different ones—the result cannot but be a restraint upon the development of trade.

I purposely exclude from the preceding paragraph any reference to "unduly high rates" because I do not think any conference or ring could successfully exist in the trades of which I have experience, which kept rates up at a high level above the general freight markets of the world.

The history of freights, since steam took the place of sails, all tends to show that owners cannot establish lines of well found, fast, and therefore expensive steamers, sailing at regular intervals, full or not full, booking cargo forward and allowing shippers to cancel bookings without penalty, without protecting themselves from outside competition in some way ; and a deferred rebate system seems to be a logical conclusion.

Where there are no regular lines the conduct of a trade in general commodities tends, in my experience, to fall into the hands of a few controlling firms—the smaller people, who cannot afford to charter tonnage themselves, being either shut out or having to pay a profit to those who charter and may relet space. The latter position (that is, the absence of a line) would, as a matter of fact, suit my own firm better in certain trades than the former (that is, the existence of a line), since we would be charterers ourselves under such circumstances.

14768. (*Chairman.*) I am not going myself to question you very much about the various paragraphs in your statement, but I do want to ask you a few questions about the conclusion at which you have arrived. Will you kindly look to paragraph 10 in which you say, "In conclusion, "I may say that I consider the shipping conferences or "rings, with or without rebates, have proved and will "always be beneficial to trade so long as they give the "general body of shippers what they require : (1) an "adequate service of steamers, (2) moderate rates of "freights, and (3) equal treatment by shippers, big or "small." Those are the three conditions which you think ought to be satisfied—an adequate service of steamers, moderate rates of freight, and equal treatment to all shippers, big or small ?—Yes.

14769. Then you go on to say, "On the other hand, "where a ring exists, taking advantage of the helplessness "of shippers to escape from it—giving inadequate "facilities, constantly shutting out goods or delaying "cargo by irregular sailings, penalising one trade by "combining two quite different ones—the result cannot "but be a restraint upon the development of trade?" Do you consider that shippers are helpless, and that they cannot get away from the control which the Ring has upon them ; is that your opinion?—Yes, I consider that where an established Conference of liners exists in a trade, the individual shipper is practically bound to ship by it.

14770. Is that on account of the system of deferred rebates ?—No, it is not necessarily on account of that.

14771. Or because no other ships can be employed ?—He must ship by it, unless he is a big enough shipper to charter steamers for himself, which is very much the exception rather than the rule.

14772. Could he not join with others in chartering ?—I do not think so.

14773. So you think it is not so much the system of deferred rebates as the system of a conference which places the merchant to a great extent in the power of the shipowners ; is that your view ?—Yes, I think so ; but I do not think it necessarily follows that it is a bad thing for the shippers.

14774. It is not a bad thing, you say, if there is an adequate service of steamers, moderate rates of freight, and equal treatment to all shippers, big or small ; in your case, is there under the present system of deferred rebates an equal treatment of shippers, big and small, in those cases in which preference is given ?—As a rule, yes, I should think so, but there are no doubt exceptions, and in fact I have done an exceptional deal myself, so that from personal experience I know that there are exceptions sometimes made.

14775. At any rate, if there is this system of deferred rebates, you think there ought to be equal treatment, do you not ?—Yes.

14776. Then comes a paragraph of great importance, coming as it does from one of your special experience : "I purposely exclude from the preceding paragraph any "reference to unduly high rates, because I do not think "any conference or ring could successfully exist in the "trade of which I have experience which kept rates up "at a high level above the general freight markets of "the world." Would you explain why not, if the merchants are helpless ?—I do not quite understand the question. Do you say "Why not, if the merchants "are helpless" ?

14777. I thought you said before that the merchants are helpless—indeed, you have spoken in your Memorandum of the helplessness of shippers to escape from a ring ; if that is so, what is there to prevent a conference ring from demanding excessive freights ?—Because the outside shipowner comes in then, and competes at so much lower a rate that people will go to him, saving so much by going to him, that if they have any rebates due to them—that is, if there are rebates and they have to lose them—it pays them to forfeit their rebates in order to ship by the outsiders.

14778. Then what you mean is that they can always do that ?—The practical illustration of that is, I think, the Cape trade, which I mention in the course of my statement.

14779. I just want to grasp that in detail ; I want to see exactly what will take place after a conference ring demands an exorbitant rate of freight. Would the shippers combine to forfeit their rebates ?—No ; they would act individually. I am speaking of my own experience only, and I cannot speak about the experience of trades I do not know.

14780. Confine it to your own experience ; what do you think about it ?—Shall I take the individual shippers ?

14781. Yes ?—The probability is that an outside steamer would be advertised, or would be put forward by brokers or owners to go on the berth, and shippers would be asked to give cargo to it ; and then shippers who had not much rebate perhaps at stake, would, for the sake of the exceptionally lower rates offered, give cargo to that steamer. Then if the regular shippers who had rebates due could afford to let them go, they would, probably through the lower rates, be enabled to immediately put through more business on the better terms offered, cargo would be collected in that way, and the steamer would sail

If she were followed by another one, the result would be that the conference would have to come down.

14782. One more question while I am on this point. You point out very clearly that there are three conditions which ought to be satisfied in order to make the rebate system work properly, namely, an adequate service of steamers, moderate rates of freight, and equal treatment to all shippers, big or small; do you not think that these conditions ought to be embodied in some agreement or circular?—An agreement or circular between whom—between the shippers and the steamer companies?

14783. Yes?—It would be a very good thing no doubt for the shippers, but I regard it as out of the region of practical politics altogether.

14784. As regards shipowners, do you mean?—As regards any such agreement being made.

14785. Do you not think it could be made?—No, because the shippers themselves are a body of people among whom combination, in my experience, is impossible.

14786. If it were possible, would it be useful?—It would be useful undoubtedly.

14787. Whether it is possible or not is a question for a lawyer, is it not?—I think so.

14788. But you say if it were possible it would be useful?—It would be a protection to the shippers, and it would be a guarantee to the shippers that nobody was getting any better terms than anyone else, undoubtedly.

14789. (*Sir Alfred Bateman.*) In paragraph 1, speaking of the outward trade from the United Kingdom to Calcutta and Rangoon, you say, "Rates for cargo are "fixed and occasionally altered, and deferred rebates on "a well-understood scale are made on the terms usually "adopted." How are those alterations made; are they made on application by merchants?—No; not on application by merchants.

14790. Supposing that a rate was found to be high by certain merchants, would they, in combination with other merchants or alone, make an application to the shipowners to get the rate reduced?—No, that is not my experience. My experience is that if the rates come down or go up, it is due to the action of the shipowners alone, practically.

14791. The shipowners alone?—Yes, from causes which affect the shipowners.

14792. Is there no communication, and does no conference take place between the merchants and the shipowners?—Not that I have ever heard of.

14793. You have never heard of such a thing in that particular trade?—No.

14794. So that what you speak of immediately after is really the rule in operation—"A living rate of freight "has been secured by the steamship owners"?—I think so. We have had an experience quite recently of the rates coming down by the outward Conference due to a quarrel between the liners sailing from London and the Germans from the Port of Antwerp, which was a dispute practically, I believe, between the P. & O. and the Hansa, or, at any rate, one of the German lines from Antwerp. That resulted in a fight entirely on the shipowners part, and finally it resulted in the rates of freight coming down to some extent. The quarrel has now been settled, I believe, and the trade generally understands that on the 1st January rates are going to be put up again; we all know it.

14795. That was a case of competition between two shipping conferences?—Yes.

14796. And the merchants had nothing to say to it?—No.

14797. Then you say, "As much space as is wanted is "available, and small shippers have equal advantages "with large shippers." That is always the case, is it, that there are not preferences given to large shippers in that trade?—Are you speaking of this particular Conference.

14798. I am quoting from paragraph 1, which deals with the outward trade from the United Kingdom to Calcutta and Rangoon?—So far as I know, all shippers are treated equally in it.

14799. So that a large shipper going with a large parcel to be shipped would not get a lower rate?—Not that one ever hears of. I have never heard of it being done.

14800. Is there any publication of the rates of freight and of the classification?—Yes.

14801. You next speak (in paragraph 2) of the homeward trade from Calcutta to London; and there you say that the liners have to come back, so that they might underquote any competition likely to be offered—"This is "so well known that they have practically no competition, "and the rates charged are very moderate." They might keep up the rates rather high, might they not?—I think sombody else would go on the berth at once if they did, because there is no rebate in that trade, except on tea, and there is consequently nothing to tie the shippers down.

14802. But you say, if opposition offered they could underquote competition?—And they would, most certainly; they would reduce the rates.

14803. They would reduce the rates below those of the competing vessel?—Yes, I should think so.

14804. But all the same, they keep the rates very moderate?—I think so, because we can compare them with the rates to other places. The bulkiest trade homewards from Calcutta is in jute, and the biggest market for jute is Dundee; from the month of July until about this time of the year there are steamers in crowds loaded with full cargoes of jute for Dundee. These steamers are outsiders—tramps or some of the Brocklebank Line returning from there, and they take the best rate they can get in the market. The liners' rates to London and Liverpool for similar cargo are generally half-a-crown lower, or at all events not more.

14805. Then you go on to speak of the homeward trade from Rangoon to London and Liverpool; is there any rebate in that trade?—Yes, there are rebates in that trade.

14806. You know there are rebates in the trade from Rangoon to London?—Yes. I was not quite sure about that when preparing my statement, but I have since ascertained particulars about it. There are rebates upon cargo from Rangoon homewards.

14807. Then you go on to speak about rice, and you refer to that curious thing, the Baps ring in the rice trade; can you describe that a little? In the first place, how did it originate?—It has been going on for a great many years, and I could not tell you how it began.

14808. You say, "There is an arrangement by the "steamship agents in Rangoon under which they may "declare to the owners that they will themselves supply "full cargoes for the homeward voyages of the steamers, "and this results in the refusing of freight for rice to "firms outside the circle in Rangoon known as the Baps "ring"?—That is a word composed of the initials of the principal firms that it is composed of.

14809. Are there only four firms in the ring, and cannot any more get into it?—One or two more have entered it since the name was invented, but that is the name the ring is known by. It is composed of the big rice millers there.

14810. What do the other firms do?—They are out of the trade homewards to London and Liverpool. There was an attempt made about two years ago to bring down the monopoly. A firm of steamer agents in Rangoon put on, I think, altogether three or four outside steamers, one after another, and they got a certain amount of cargo for them; but it fizzled out in the end, and they found they could not fill the steamers. I suppose the fact was that the liners took low enough rates of freight from their own supporters to prevent these people going to the outsiders; and so these outside steamers disappeared again.

14811. Then this is as restrictive a Conference as any shipping ring?—Yes.

14812. Or more so, you would say?—It is more so, I think. It has had features which an ordinary conference has not got, I think.

14813. You say of it, "The effect is to benefit the few "firms who are in the ring, and to prevent selling com-"petition by those who are outside of it, amongst whom "are my own firm. My personal belief is that if they "chose, the steamship owners could put an end to this "monopoly which practically constitutes a shipping ring." You say the attempt has been made, but without success, to break it?—Yes. An attempt was made about two years ago to enable the trade to be done by outside people, but by degrees it came to an end, as they could not maintain it.

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14814. What do you do if you want to export rice from Rangoon to London or Liverpool if you are outside the ring?—We cannot do it. The only way to do it is to ship viâ Calcutta, and then if you ship viâ Calcutta, the rates of freight are too high. There is only one firm, I think, who do a small business viâ Calcutta, but it is practically a negligible quantity.

14815. Is the effect of that to raise the price of rice to London and Liverpool?—If you ship viâ Calcutta, do you mean?

14816. Yes?—It must raise the cost of the rice, and you cannot sell it so cheaply if you ship that way. The direct shipments are cheaper. There again, the rates of freight which the Conference steamers can get, even from their own supporters, are limited necessarily to the rate at which rice can be shipped by other people in the round-about way.

14817. (*Chairman.*) It is a striking fact that you have now deposed to, namely, that there is an agreement between the Conference Lines and their agents that no goods shall be shipped except those shipped by those agents?—It is not quite that. The agents of the two lines that run to Rangoon are themselves rice millers and in the rice ring. They have an arrangement with the steamship owners that they may provide a steamer with a full cargo, and they take it upon themselves to do so. They let out what cargo they like in Rangoon, and they load it with anything except rice, but rice they will not load for outsiders.

14818. Do they provide the full cargoes?—They provide full cargoes, but it does not follow that the agents themselves provide all the rice that is shipped. The agents probably give one of their friends in the ring some freight for rice, but they will not give it to outsiders.

14819. (*Sir Alfred Bateman.*) There is no arrangement or agreement published, is there?—No.

14820-1. This is only what has leaked out?—Yes.

14822. Do they ship full cargoes of rice from there?—No. In the off-season, when they have no rice there, if you went to one of the agents and offered him rice, he would probably take it; but in the season nobody but themselves can ship rice.

14823. In paragraph 4 you deal with the export trade from Calcutta to Australia and New Zealand. You speak of the starting of these lines of steamers and of the introduction of the rebate, and then you say, "Since "then the trade has rapidly grown, but whether this is "due to the shipping facilities afforded or to the natural "increase due to the increasing requirements of Australia, "I am not in a position to decide. Probably both causes "are responsible." I suppose we may take it that the rates to Australia are low?—I do not think they are as low comparatively, for instance, as the homeward rates are from Calcutta; but they do not prevent a very great and growing trade being done.

14824. You think that on the whole the establishment of these regular sailings, combined with the rebate system, has been a benefit to trade?—Yes, I think so; and I say so rather against our own interests, because in the old days before this system was started we used to charter sailing-ships ourselves, and had much more hold of the business than we have now. The way the trade has increased since the regular lines were put on is extraordinary.

14825. I suppose the trade would have increased anyhow, would it not?—That is, of course, a question.

14826. The increased sailings to Australia have had a great effect, have they not?—If there had been no regular line put on, I think the trade would have remained in the hands of a few people.

14827. In paragraph 5 you speak of the trade from Calcutta to the United States, which is served by a combination of owners, and in which you say the arrangements are complicated. You say, "Freight is booked in "Calcutta from all applicants under the rebate system, "but engagements are also made in the United States on "the part of the firms who buy the goods, and the terms "accepted are not known to the Calcutta shippers." Are those goods sent c.i.f.?—No, f.o.b., and the man who buys them makes his own freight arrangements.

14828. You continue, "It may be presumed that the "United States firms in question obtain better terms "than are available in Calcutta." Why should they be able to do that?—That is a question on which I can only presume, from the fact that they prefer to make their arrangements in the United States rather than buy their goods on cost and freight terms.

14829. They are very large parcels, I suppose?—Some of the big firms' shipments in the course of a year would be very large. But the goods are spread out over a number of steamers. I think last year there were 48 direct steamers from Calcutta to the United States—about four a month. The chief trade is in manufactured jute goods—bale goods, somewhat like Manchester goods in the matter of handling, and that sort of thing; and the number of shippers is considerable, but the individual firm's quantities in any one ship would not be very large. The total of one firm's shipments in the course of a year would come to enough to fill several steamers probably.

14830. Do you say that the railway freight is included through to inland cities in the States?—Yes; to such places as Chicago, Minneapolis, and other places like that.

14831. You say also that the rates appear to be moderate, and that they get a regular service of steamers?—Yes.

14832. Then, in paragraph 6, you speak of the trade from Calcutta to South America (East and West). Hitherto, the trade to the East Coast, you say, has been conducted by Liverpool almost exclusively, and you speak of the East and West Coast trade being conducted under one conference?—Yes.

14833. You object to treating the East and West Coast trades as one?—Yes.

14834. Why do you object to that?—Because they are two entirely different trades, and in one trade the position of any given firm might be such that it could neglect any conference whether it involved rebates or not, and could strike out its own line and charter its own vessels and carry its own cargo; but it might not be in that position in the other trade. If two entirely distinct trades are included in one conference which involves rebates, that firm will forfeit all its rebates in one trade if it goes on its own line in the other trade, and it may be badly handicapped. That is a great hardship, I think. That is what has happened recently in the South American trade. It has been of brief duration, and I think the difficulty is working itself out, as these things do in time. There are changes taking place at the close of this year which I think may probably straighten the whole thing out again.

14835. Do you think that the two trades will cease to be one?—I think that the shipowners will come to their senses. They thought they could control the West Coast trade, and they find they cannot. I think the end will be peace again before very long.

14836. Do I understand that you object to the two trades being under one conference?—Yes.

14837. But you would not mind the West Coast being under a separate conference?—No, I would not mind that.

14838. Then, in paragragh 7, you speak of the trade from Calcutta to the Cape, in which there has been a conference with rebates for many years. You say, "Rates have been kept at a somewhat high level"—we heard that in South Africa—"and complaints have been "frequent as to the inefficiency of the service." You are not very well instructed on that trade, I gather?—That is comparatively a very small trade. Some years ago there was a great trouble about getting freight in Calcutta by conference steamers that run down to the Cape. The result was an opposition, and for some time the regular lines and the opposition fought; then I think it came to an end, and the conditions are better now. Since I wrote this statement, I have been told that a fight is still going on; but, as I say, it is a small trade, and we are not very much interested in it.

14839. Then, in paragraph 8, you deal with the Calcutta to China trade. You say "rates are not exactly cheap, "but outside competition does not show itself here." If rates are not cheap, you would think there would be competition; or is not the trade large enough? Is it not a biggish trade?—The trade is a good deal in opium, and for opium a quick service and first-class steamers are essential. Opium is probably the most valuable cargo in the world except gold or silver. Of course, the shippers cannot hawk it about in the market to outsiders; it must go at regular intervals, and it must go quickly and safely. So what they call the opium steamers run from Calcutta.

regularly, and they take for the rest of the cargo what there is offering.

14840. Then, lastly, in paragraph 9 you speak about the Indian coasting trade, and you say, "This is largely in "the hands of two English companies who run off competi- "tion when it appears, so that a sort of conference or ring "may be said to exist. The service is more than ample "and affords the greatest facilities to shippers, who need "never trouble themselves on the question of getting as "much space as they want. The companies concerned are "prosperous, but they earn their prosperity by the railway- "like service they afford." Then come your conclusions, which I think the Chairman has examined you chiefly upon. I see that you have no particular remedy to suggest. You are satisfied with the present state of things as a rule, except in the South American trade, where you would like to see two conferences instead of one?—Yes.

14841. You do not wish to see anything more in the nature of control by the Government, do you?—I do not think so. I do not regard the rebate system as a beautiful one from the shippers' point of view, but I think it is a sort of necessary corollary to the establishment of a conference by shipowners, and that if we do not have a deferred rebate, shipowners will find some other way of protecting themselves, and possibly not one that the general body of shippers would find so fair to everybody.

14842. (*Sir Hugh Bell.*) Are you now stationed in London?—Yes.

14843. Your business is a very considerable one?—Yes.

14844. Both outwards and homewards?—Yes.

14845. Your firms deal with commodities in both directions?—Yes.

14846. Are you shipping by almost every steamer?—No, I cannot say that, because the number of steamers to India from Liverpool, Glasgow, and London, put together is immense.

14847. I want to get some kind of idea as to the dimensions of your parcels; can you give me any indication?—In any one steamer, as a rule, we do not have anything very considerable, because the goods are going along all the time.

14848. A parcel of 500 tons would be a very large parcel, I take it?—In one steamer, yes.

14849. Would one be justified in placing that as about the limit of any merchants doing trade with the East?—No. I think some of the biggest piece-good houses who ship Manchester goods from Liverpool might possibly have more than that in one steamer.

14850. But supposing it were 1,000 tons, it would be very big?—Yes, that would be a large parcel.

14851. On a steamer of 5,000 or 6,000 tons, or perhaps of even larger tonnage than that?—Yes.

14852. The point I want to put is, relatively the shipment of any individual merchant or house of merchants is small compared with the tonnage of the steamer?—Yes, of any one steamer.

14853. A steamer must be made up of a great variety of parcels, because your large parcel of 500 tons would consist of many smaller parcels?—Yes.

14854. Not only would there be a great variety of parcels, but there would be a great number of special shipments?—Yes.

14855. Could you give us any kind of idea as to the amount of rebate that you have at any moment outstanding on the average? I want to know how much you have at risk in the amount of rebates?—In the outward trade?

14856. In both trades—first the one and then the other?—It would run up to hundreds of pounds, but I could not say exactly what it is.

14857. Hundreds, not thousands?—No, not thousands.

14858. Even for a large house like yours, a thousand pounds would be a good deal to be outstanding in rebates?—Our business is so spread out all over the world that in any one trade we are not among the biggest shippers, the Australian trade possibly excepted, or the trade to the West Coast of South America. In most trades you would not find us among the biggest shippers. There are some houses who are in fewer directions of trade than we are, and who do a much bigger trade in any one direction. Our business is very spread out indeed. There certainly might be other houses whose rebate might run into a thousand pounds in one trade.

14859. I did not say in one trade; I mean the total amount of the rebate of an important house like your own?—I think, including our Indian rebates, we would run into four figures, but how much I have never estimated.

14860. That is to say, the matter is relatively of so small importance that you do not have it in your mind as a considerable outstanding account?—Not as outstanding in the way of wanting the money; but it is of the greatest importance in the price that you make for selling your goods, because in the case of some goods which are cheap, the freight is a large item, and when there is 10 per cent. on the freight, it may amount to the whole of your commission.

14861. You will see what I am coming to later. What I was desiring to get to know was what kind of amount in a house of the importance of yours you have standing to the credit of the account which you call a rebate account or by some such name in your ledger. Would it be £5,000?—No; I should call that a very large sum.

14862. Would it be £2,000?—It might be.

14863. That would be the total on all your trades—I do not mean in any particular trade at all?—Yes.

14864. So that the total amount which a house like yours would be called upon to sacrifice on all your business, if you were to set the conferences at defiance, would be measured by about a couple of thousand pounds at the outside?—At any one time?

14865. At any one moment?—It might be.

14866. Now you see the direction of my examination. In reply to the Chairman, I think you intimated your opinion that it would be very difficult to obtain a combination of merchants to fight the shipowners?—Yes.

14867. You heard Mr. Tredwen's evidence, did you not?—I heard some of it.

14868. He was reporting to us that such a combination had been formed, and was negotiating with certain Conference Lines?—That is, I take it, among the Australian merchants?

14869. Yes, but it does not very much matter which?—We have heard of nothing of the same sort in the Indian trade.

14870. Could you suggest any reason for that?—I should consider it practically impossible myself.

14871. You would not be inclined to accept Mr. Tredwen's view that because no combination existed there was therefore no grievance?—No.

14872. I thought I understood you to say, in reply to the Chairman, that in some case to which you only alluded you had got special terms?—Yes. I gave that as an instance proving that it does not invariably follow that conferences never break their own rates. The case to which I refer was a very special case, and it was a matter of a very large quantity of goods going out for an Indian municipality. There was no question of injuring anybody else over the rate of freight that was granted. It was a mere question as to whether the municipality would send their freight by the Conference steamers, or whether they would charter outside steamers. The municipality were in no wise tied up with rebates; they had a very large quantity to send out, and the Conference gave a special rate for it.

14873. What do you call a large quantity?—It amounted to about 20,000 tons, I think, altogether.

14874. And that was to be shipped over a period?—It was spread over about six or eight months ultimately.

14875. So that there was a possibility of chartering for the purpose in whole cargoes, was there?—I think so; anyhow the Conference thought it sufficiently serious to consider the question of quoting a special rate for it.

14876. You were acting, I presume, as the agents for the municipality, were you?—We were acting for them.

14877. And you made a separate bargain?—Yes.

14878. Is that a very exceptional case?—Yes, I call it very exceptional.

14879. And your experience does not point to any other?—Not that I know of.

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14880. That is the only one, absolutely?—Yes. As I say it was not a thing that injured anybody; it hurt no other merchants, and no other merchants were affected by it. The goods had been bought, and they were going out, for a public purpose. It was, I should say, on all fours with what the India Office do with the Indian Government stores; they get special tenders from the Conference liners to carry all the Indian Government stores, and I believe the rates that the Indian Government get are quite different from what the private individual gets.

14881. You spoke about jute going to Dundee during the season by tramp steamers, in full cargoes, I think?—Yes.

14882. You mentioned that the Conference liners would take jute to Liverpool at a lower price; is that so?—I think I said that the Conference rates for similar cargo to London and Liverpool were usually 2*s.* 6*d.* or thereabouts lower.

14883. What do you mean by similar cargo?—Linseed generally goes the same as jute.

14884. Similar in the sense of destination, and not of quality, do you mean?—Similar, from the shipowner's point of view of weight and stowage—that is, cargo which is equally good cargo for the shipowner.

14885. Do you mean that jute does not go to Liverpool?—Hardly any.

14886. I hardly understand why you made a comparison between them?—To show that the homeward rates charged by the conferences were not, in my opinion, out of the way at all.

14887. Because at some seasons of the year all cargo stowed in pretty much the same way was carried at rather a higher rate to another port; is that what you put?—It is all the year round.

14888. Is jute shipped all the year round?—It is shipped for about three quarters of the year.

14889. I thought the season was not so long?—It begins in July, and it begins to get scarce in March. It goes on for about that sort of time.

14890. With regard to the rice trade, I understand you to say that it was in the hands of some small number of firms of millers, apparently four, or thereabouts; is that so?—In Rangoon, yes. That is the homeward rice trade.

14891. Is there any outward rice trade?—Yes, there is an enormous export of rice from Burmah to Java, to Japan, and to India also now, since we have had such high prices there.

14892. The raw rice, if I may so describe it, comes to Rangoon and is there milled?—Yes.

14893. And is then sent forward?—Yes.

14894. By this small number of firms?—As far as the English trade is concerned, yes.

14895. How do these firms deal with it? Will you explain that a little further?—They sell either full or part cargoes for Liverpool and London and also for the Continent, but the Continent is more an open market.

14896. Do they sell full cargoes of rice now?—Yes, very often.

14897. Do they ship that rice by tramps or by liners?—Partly one and partly the other.

14898. Would it not be a very unusual thing for a liner to take a full cargo of rice?—I do not think so, from Rangoon. I think in the height of the rice season liners come back practically full of rice; they may have a few hundred tons of teak on board, but a steamer will carry 5,000 or 6,000 tons on the return voyage, and everything, except perhaps three or four hundred tons, is rice.

14899. (*Chairman.*) I should like to know whether the tramps engaged in this trade are tramps chartered or employed by the Conference rings?—No, they deal with it quite apart from the liners. The liners could not possibly handle the amount of rice that there is to come forward.

14900. (*Sir Hugh Bell.*) What sort of quantity of opium—I am leaving rice now—is there going from Calcutta to China?—The quantity is falling off now under the new agreements, but it used to be very considerable.

14901. What quantity would you say?—Some thousands of chests used to go in every steamer.

14902. A chest weighing what?—I cannot tell you, as I have not been in the trade myself. It is not generally handled in Calcutta among English houses.

14903. They do not like the handling of it?—They do not handle it. The chests are about *that* long, *that* broad, and *that* deep. (*Illustrating.*) I should think they weigh as much as 1 cwt.

14904. Sir Alfred Bateman has referred to the Statistical Returns, and he says the opium trade amounts to about 5,000 tons a year; that, of course, is a very small quantity—not from the point of view of its being opium, but from the point of view of its being tonnage. The fact of there being this very valuable freight going, no doubt, was rather the controlling element in the rate between Calcutta and China?—It used to be in former years. The two lines of steamers which ran were always known as the opium steamers. They were small steamers of about 1,200 to 1,500 tons register, and they took a great number of native passengers to Singapore and the Straits. The native passengers took up a lot of their 'tween decks space, and the opium, for which they used to charge extremely high rates of freight, together with the passengers, enabled them to run. They took other cargo as it came.

14905. At apparently low rates?—Yes.

14906. In fact their business was to carry passengers and opium?—Yes.

14907. And they would fill up with whatever cargo was going at very low rates; is that what you intended to say?—Yes.

14908. (*Mr. Taylor.*) About these rates to Rangoon, do I understand that the selling ring in Rangoon confine their operations homeward to London and Liverpool?—No.

14909. Where do they sell to?—On the Continent, too.

14910. Have they competitors there?—Yes, they have.

14911. In Rangoon?—Yes.

14912. They have competitors who are prepared to sell whole cargoes of rice to Continental ports?—Yes.

14913. And also to the Mediterranean, I suppose?—Yes. Competition has been so severe that it was said that the ring had broken down at the beginning of this season. I do not know whether that is an actual fact, or not.

14914. What people handle the rice cargoes from Bassein?—Branches of the same firms, I think, as a rule.

14915. Not necessarily the ring?—No, not necessarily. But I am not aware of any rice millers, outside of what we call the ring at Akyab and Moulmein, unless they are Chinese.

14916. Then this ring does really control a good deal more than Rangoon?—Yes, but the exports from Akyab are a trifle compared with those from Rangoon; it is a small trade only.

14917. If people outside the ring are able to sell whole cargoes of rice to the Continent from Rangoon or elsewhere, why are they precluded from offering these cargoes to London and Liverpool successfully?—I cannot explain that in so many words.

14918. But in practice you can; it is a matter of convenience, do you mean?—I am not myself a competitor of the ring in the home markets in that way, so anything I would say would be entirely theory.

14919. In practice it comes to this, that the ring, having the complete disposal of the homeward space available, in the regular lines to London and Liverpool, is able successfully to keep out opposition in these markets?—Practically, yes.

14920. But not elsewhere?—No.

14921. (*Professor Gonner.*) Several of these trades, I suppose, that you are dealing with are rather small trades, at any rate, they are not very large trades worked by one or two lines, I suppose?—They are all fair-sized trades, I think.

14922. What I was meaning is, how many sailings would there be in the month, that is to say, between Calcutta and Australia?—There are either one or two steamers a month from Calcutta to Australia.

14923. Then Calcutta to the Cape?—I should think there is about one steamer, or possibly now two. The steamers to the Cape are very small—they are 800, or 900 or 1000 tons register, and not more. The steamers to Australia will carry 5000 or 6000 tons cargo, each of them.

14924. Turning now to your sixth paragraph, which deals with the trade from Calcutta to the East and West Coasts of South America; what sort of trade is that?—The trade to Buenos Ayres, as I think I have said, has been done chiefly by Liverpool and also by direct steamers now. It is a valuable trade, but it is not a bulky trade from the shipowner's point of view.

14925. Several of them are rather small trades, so that they are governed very much, I suppose, by one or two lines?—Yes.

14926. There are not very many lines in these conferences?—No.

14927. Taking your general view, you have not found them misusing the opportunities that present themselves, and they do not press the price up?—So far as my experience goes, no.

14928. Why do you object so much to the tying of the two trades in South America? That only seems to be extending the system of combination further than was previously the case?—I have already explained my reason.

14929. That they are different trades?—Yes. I think I explained to the Chairman my reason for sayiug that. A firm can arrange its operations in one market to suit certain existing conditions; but as regards another market, its position may be an entirely different one.

14930. So it ought to be free, you think?—Yes. To mix up two such entirely different trades as the trades on two sides of a continent like that, may result in a great handicap to a firm who is operating in both places. That firm might rather be free of Conference arrangements with either one or the other, especially when the conference arrangements are bad, as they distinctly are to the West Coast of South America.

14931. Are they bad to the West Coast of South America?—Yes. The whole of this year we have only had one steamer on, and when the people that put that steamer on combine with that the trade of Buenos Ayres, which is a much bigger one and a very valuable one, it is a very great handicap.

14932. You mean you gain nothing—that they say they will give you regular sailings, and they will not give and they do not give anything of the kind?—They do not give it, because the trade is not big enough for them to do so. I am not finding fault with the steamer-owners for not putting on more steamers, because there is not cargo for them to carry if they did put them on; but what I do object to is their putting on a solitary steamer and saying, "If you charter a steamer at another time of the year "you will lose your Buenos Ayres rebates as well." That is not right.

14933. I understand you mean that they confine you to that one steamer by threatening you with the loss of your larger rebates on another line?—Yes.

14934. Which do you esteem the most important thing? The rebate system is supposed to secure certain advantages, such as regularity of sailing and stability of rates; is the stability of rates the important thing, or the regularity of the service?—The regularity of the service comes first, I think

14935. It is not the question of having rates which are fluctuating that you would deprecate so much then?—No, not if we know what the rates are going to be; and as a rule we do know.

14936. Would you know if they were fluctuating very much, if there was a free freight market—you would not, would you?—Then the big firms would get all the advantage over the small firms.

14937. That is the third point that you mention; you think that there should be a uniform rate?—Yes.

14938. Do you really feel that it is a very great advantage, taking the public as a whole, that the small firms should get the same benefits as the large firms?—I am thinking of it, not from the point of view of the merchants, but from the point of view of the general public; is it an advantage?—For the small firms to have the same shipping facilities as the larger ones?

14939. Yes?—I should think so.

14940. If the large firms get better rates, and we are told large firms of all kinds do get better rates, does that not mean that they can sell more cheaply to the consumer?—I was looking at it from my point of view; I do not think it necessarily follows.

14941. You do not think it necessarily follows that they would sell more cheaply?—No. *Mr. A. S. Gladstone.*

14942. They could, of course?—Yes, but they could make more profit out of it. They certainly would not give their profit away if they could help it. 17 *Dec.* 1907.

14943. Of course, there might be sufficient competition, but I was only asking your view. You think the general public really is advantaged by this condition?—I think that it is certainly advantaged by the fact that everybody can get freight for anything they want upon well-known terms, the same as their neighbours.

14944. In trades like those you have been dealing with, these rather smaller trades, you are clearly of opinion that it gives a regularity which otherwise no line would be able to give?—The fact of having a Conference system, I think, does.

14945. (*Mr. Owen Philipps.*) Will you inform the Commission of the names of the present firms who are members of the Baps Ring? In the first place, how many are there?—I think there are more than four.

14946. Are there about six?—There are five or six. If you want to know the names of them I could tell you. They are Bulloch's, Steel's, the Arracan Co., Ltd., and Mohr Bros. Mohr Bros. changed their name; they used to be Pandorf, and that is where the "P" comes from.

14947. Is it your contention that the regular lines in this trade by their action have practically shut out the smaller shippers of rice to London and Liverpool?—Yes.

14948. You do not know of any similar case in any other part of the world, do you?—No; it is almost a unique case, I think, in my experience of the Indian business.

14949. Have the smaller shippers of rice put the matter before the shipowners concerned?—Not collectively, but individually, yes.

14950. (*Mr. Maddison.*) Your general view is that these Conferences are beneficial to the shipowners, I think?—Yes.

14951. And that they get a substantial advantage from them?—Yes.

14952. In that case, would you say that a deferred rebate was necessary?—No, I do not think that it is necessary; but I say that if a deferred rebate is made illegal or otherwise abolished, the probability is that something else will spring up and take its place. It seems to me that a shipowner who supplies a regular service and runs his steamers full or not full at stated times, as most of these Conferences do, must protect himself in some way. He must get the general support of the trade.

14953. But if a Conference is so clearly to the advantage of the shipper, what temptation will there be for him to break away from the Conference?—Because if somebody else comes and says, "I have got a steamer going to sail "next month, and I will give you rates 10*s.* per ton "below the Conference rates if you ship by my steamer," you go off and take advantage of it.

14954. Surely not, I submit to you, if he is satisfied, as you are, that the Conference gives to him a general advantage—because he would break up the Conference by that means?—That might be the ultimate effect of such action, no doubt, and people would suffer, but I am afraid people do not look so far ahead and calculate all the possibilities.

14955. (*Mr. Owen Philipps.*) You mean that he might see the immediate advantage?—Yes, he sees the immediate advantage and he grasps at it.

14956. (*Mr. Maddison.*) That would assume that you merchants were not far-seeing, but I was thinking that you all were?—We always hope for the best.

14957. Do you think that Conferences with the deferred rebate system have increased rates at all?—No, I do not think so. The rates from England and Europe to India and back are, I suppose, as low as they have ever been in the history of the trade.

14958. What basis of comparison have you? How can you tell whether the rates in a Conference are high or not?—By the rates which are taken by outside steamers which are offering for employment in various directions.

14959. Then your basis of comparison is the outside steamer?—Yes.

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14960. Is the outside steamer lower than the Conference as a rule ?—In other directions where the outside steamers take cargo, do you mean ?

14961. Yes ?—No, I should say not, comparatively speaking. I have instanced the jute trade from Calcutta, which is a very big one, and the rate that outside steamers get coming home to Dundee and to the Continent.

14962. Generally speaking, would you say that the outside steamer does not offer any lower rates than the Conference ?—Your question is a difficult one, because the outside steamer does not offer, so to speak, in the way of continuous offering upon the lines which are followed by the Conference liners.

14963. By that do you mean there are not sufficient of them ?—The outside steamers take the other business in various directions in which there is no Conference.

14964. Exactly ; but what I am after is whether you can get a comparison of like with like. Take any of these lines you like, and take the outside rates that are offered in the same trade ; are they higher or lower ? —I regard the instances I have given of jute to Dundee and jute to London or Liverpool as practically parallel instances.

14965. That is the homeward trade, but what about the other ?—It is a big trade, and you have the fact that jute is carried to Dundee by outside lines, and that jute is carried to London by the Conference, and you find the Conference rate is no higher but even a little lower than the general outsiders get for Dundee.

14966. These outsiders are actually outsiders, I take it ; they are not commissioned by the liners ?—No, they are actually outsiders.

14967. I think you would say, if there was no competition, that there would be a likelihood of rates being lower, would you not ?—Competition occasionally springs up, not in this particular homeward trade which is the biggest, but in the trades which you characterise as small ones. Competition, as I have mentioned, has sprung up in the Cape trade from time to time, and rates go down to a cut-throat level—to nobody's benefit in particular as far as I can see.

14968. But supposing there was a general competition, they would not always be at cut-throat level, would they ? If everybody cut their own throat, there would be nobody left ?—If all the steamship owners went bankrupt, I suppose that would be the case.

14969. Have you ever known any rates lowered in the Conference Lines except through outside competition ?— I have known the rates changed from time to time, up or down, by conferences ; but what is the reason of their making the alterations, the outsider does not, as a rule, quite know, as he is not in their councils.

14970. You have told us that there are no changes of rates that you have known of which have been made as the result of conferences between shippers and shipowners ?—No, not within my experience.

14971. Therefore, all changes of rates on the part of the shipowners are purely of their own good will ?—Of their own necessities, very often.

14972. Where does the necessity arise ?—From their fear of outsiders coming in and taking the trade from them.

14973. I come back to that question ; you have not known of a reduction of rate except through the fear of outside competition ?—No, I have not ; but that is not quite a logical answer, I think.

14974. It seems to me to be a very natural one ; I do not know whether it is logical. It is your answer, and that is the important thing now ?—Yes. I have not known of a reduction of rates owing to representations or to agreements made between shipowners and shippers.

14975. I understood you to say that you had had an exception made in your own case to your advantage ?— No, not to our advantage, but to the advantage of a public body

14976. Was that the only case ?—Yes.

14977. Then you really tell us, that so far as you know the small shipper is treated on exactly the same footing as the large shipper ?—As far as I know, yes.

14978. Just to satisfy my mind, if a man ships a very small quantity of stuff, he gets the same rate as a man who ships a very large quantity ?—As far as I know in these conferences I have had experience of, yes.

14979. (*Mr. Barry.*) I gather from your evidence that your main reason for being satisfied with the rebate system is the regularity of sailing and the general steadiness of freights ?—Yes.

14980. In the jute trade from Calcutta to Dundee, there is no rebate system in existence, I think ?—There is no rebate, and there is no conference.

14981. Have you ever had any complaints about regularity of sailing or insufficiency of tonnage from Calcutta to Dundee ?—The trade is a trade in one particular description of cargo, and it is offered in very bulky lots, and the steamers are put on or chartered during the jute season as fast as the shippers want them. I mean to say, there are plenty of steamers offering, and the shippers can charter what they want.

14982. The jute season extends for eight or nine months of the year, I think ?—Yes ; it is spun out, but towards the end there is not much doing. The bulk is done within five to six months.

14983. But under a free and open system of competition there is always a full supply of tonnage ?— There are always plenty of steamers knocking about who are willing to go to Dundee.

14984. I see you say that the Conference steamers will carry freight as low as, or lower than, the tramp steamers, and that they will carry jute to Liverpool for less than it is carried from Calcutta to Dundee ?—At the same rates, or slightly cheaper.

14985. Is it not a matter of fact that scarcely any jute goes to Liverpool ?—Yes. I mentioned that, and I mentioned that jute goes to London. If anything of the same nature goes to Liverpool, it would be linseed.

14986. Is linseed carried at a lower rate from Calcutta ? —It is carried generally at the same rate as jute.

14987. Is it carried at a lower rate from Calcutta to Liverpool than say from Calcutta to Hull ?—There again the whole business would be done by a tramp steamer. It is a business that is not continuously going on, and it only comes and goes. That tramp steamer might be chartered for a full cargo of linseed to Hull, in which case, the whole cargo coming through one shipper as one cargo, the business is over and done with ; and you can hardly compare that with the regular rates of freight on the lines.

14988. Is there much difference in the rate for jute from Calcutta to London, and from Calcutta to Dundee ? —It is about the same, or sometimes 1*s.* 3*d.* to 2*s* 6*d.* lower to London.

14989. (*Mr. Sanderson.*) I take it from your evidence that in your opinion the present system of conferences with rebates tends to prevent the monopoly, or the combination of large manufacturers, to be to the disadvantage of the small men ?—Yes.

14990. And that the present system has broadened the field of operations for exporters generally ?—Yes.

14991. (*Sir John Macdonell.*) In your large business you have had an experience of combinations with and without a deferred rebate ?—Yes.

14992. What instance can you refer me to of a combination without a deferred rebate ?—The homeward trade from Calcutta to England.

14993. How as to tea ?—There are no rebates in that trade except for tea.

14994. But so far as tea is concerned, there is a rebate ? —There is a rebate on tea.

14995. It is not a deferred rebate, is it ?—There is a rebate, but I am not sure whether it is part deferred or not.

14996. Have you any other experience of a combination without a deferred rebate ?—By a combination do you mean a Conference of liners ?

14997. A Conference, or combination, or agreement, in which there is a rebate, but not a deferred rebate ?—I do not think so ; I cannot call one to mind at present.

14998. At all events, so far as the Calcutta trade is concerned, is there any difference in point of regularity of shipment under other conferences with which you are acquainted ?—Shall I take Calcutta to England ?

14999. Yes ?—No ; there is any amount of steamers.

15000. The question I am leading up to is this : Whether your experience would lead you to believe that the virtues which you attribute to the Conference system,

namely, regularity of sailing and the same rates for everybody, could not be obtained if there was a Conference with a rebate, but not a deferred rebate. That is the question I put to you?—With a rebate payable immediately, do you mean?

15001. Yes?—That amounts to a sort of gross and net freight, or a freight quoted less a discount.

15002. It would come to that. The question I am asking you to consider is whether you would not get under such a system all the virtues which you attribute to the Conference system?—No, I do not think you would in certain trades.

15003. You think not?—I think in certain trades you would not. I think in certain trades that you might, just as we get it at present without any rebate at all in the homeward trade from Calcutta.

15004. At all events, you are of opinion that in certain of the trades of which you have been speaking, regularity of service would be obtained if there were no deferred rebate?—Yes, I think there are trades in which that might be obtained.

15005. For example?—I think that the outward trade from this country might be held without a deferred rebate.

15006. Can you mention any other case?—No, I do not think I can.

15007. I do not want to over-state your position. The position I take to be this—that in the long list of trades which you have mentioned there are some as to which you would be prepared to say that regularity of service and equality of treatment would be obtained without the deferred rebate?—I limit it to the one trade only.

15008. You are not prepared to say that of others?—No.

Mr. A. S Gladstone.

15009. But so far as that one is concerned you are tolerably confident, so far as you can be confident about such a question?—I think so, because I think the steamer owners have got such a hold on the business outwards, that I do not think it depends on the deferred rebate.

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15010. (*Lord Inverclyde.*) You told Mr. Barry that the rate for jute to Dundee was about the same as to London, I think?—Yes.

15011. A former witness we had here complained that jute was carried to Dundee via London by Conference lines at a lower rate than what jute was carried direct to London for, do you know if that is so?—No.

15012. He told us it was carried to Dundee via London for 16*s.* 3*d.* and that the rate to London was 17*s.* 6*d*; do you know that?—No, I do not know of that instance.

15013. Is it the case that the rate for tea is dependent on the rate for jute?—The rate for tea is a good deal higher than the rate for jute; but I do not think it necessarily fluctuates exactly as the rate for jute does.

15014. He told us that the rate of freight for tea was calculated on the rate of freight for rough cargo, and that that was the basis of the rate?—The rate for tea is periodically altered, if the rates for rough cargo fluctuated much. I am not aware that a difference of, say, 1*s.* 3*d.* on the rates for rough cargo would be immediately reflected on the tea rate; but I am not quite sure. You see I am in London, and the rates in Calcutta have not had my personal attention lately, so that I am afraid I would rather that you did not take anything that I could tell you absolutely upon such a point as the fluctuations of the rate for tea.

TWENTY-FOURTH DAY.

Tuesday, February 18th, 1908.

PRESENT:

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

Lord INVERCLYDE.
The Hon. C. N. LAWRENCE.
Sir HUGH BELL, Bart.
Sir W. T. LEWIS, Bart., K.C.V.O.
Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
Mr. H. BIRCHENOUGH, C.M.G.
The Hon. W. PEMBER REEVES.
Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. W. H. MITCHELL.
Mr. OWEN PHILIPPS, M.P.
Mr. OSWALD SANDERSON.
Mr. AUSTIN TAYLOR, M.P.

Mr. J. A. WEBSTER, *Secretary.*

Sir DONALD CURRIE, G.C.M.G., called and examined.

Sir Donald Currie.

15015. (*Chairman.*) I need scarcely ask you that you represent the Union-Castle Mail Steamship Company, Ltd., and your firm Donald Currie & Co. are the managers of that steamship company?—That is so.

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15016. You have submitted to the Commission a memorandum on behalf of the shipowners engaged in the South and East African trade (*see Appendix* VI.) and recently you have handed in a supplementary memorandum?—Yes; from myself.

(*The witness handed in the following statement.*)

STATEMENT for the ROYAL COMMISSION ON SHIPPING RINGS OR CONFERENCES, showing the HISTORY of the SOUTH and SOUTH-EAST AFRICAN TRADE from 1872 until 1908; and of the MAIL CONTRACTS; also in regard to the CONFERENCE with the SOUTH AFRICAN DELEGATES at the COLONIAL OFFICE in December, 1905, and January, 1906; and as to the EVIDENCE taken by the COMMISSIONERS in SOUTH AFRICA in 1907.

TO THE CHAIRMAN AND MEMBERS OF THE ROYAL COMMISSION.

GENTLEMEN,

IN February of last year a Memorandum was submitted to your Commission on behalf of the Shipowners engaged in the South African trade. I do not propose in the following remarks to repeat the facts and contentions of that Memorandum. But I desire first to relate some facts not dealt with by that document, and secondly to make some comments on claims or contentions that have been raised by critics of the South African Shipping Conference during the sittings of this Commission.

HISTORY OF THE SOUTH AFRICAN SHIPPING TRADE.

As representing The Union-Castle Mail Steamship Company and my firm of Donald Currie & Co., Managers of that Company, I think it may be of interest to the Royal Commission to know the history of the South and South-East African shipping trade, in order to appreciate how the Mail Company came to be engaged in the trade, and the circumstances under which the other Steam Lines have become connected with it.

1. In the year 1872 I chartered to a Company which had steamers trading to South Africa two steamers of about 1,300 tons gross register, named the "Gothland" and "Iceland." The Union Steamship Company was then carrying the Mails between England and the Cape under contract with the Imperial Government. In the course of the voyages of the two steamers named, the Charterers informed me that they found

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it impossible to meet the expense of the Charter, and it became necessary for me to take the risk of the voyages upon which these vessels had been despatched. The merchants then engaged in South African business, when they heard that the Company referred to were compelled to withdraw, called upon me and urged that I should continue in the trade to the Cape and Natal. Another steamship line at that time threatened the Union Mail Company, and under an arrangement with the merchants, and also with the Union Mail Company, I agreed to continue in the trade, and subsequently despatched steamers regularly to Cape Colony and Durban, Natal, on the 4th and 19th of each month, the Union Company's Mail Steamers sailing on the 10th and 26th of each month.

2. The Union Company's Mail Contract time was then 37 days for the voyage to Cape Town and the same from the Cape to England. The rate of postage charged was one shilling per half ounce. The speed of the vessels which I employed was above the average speed of the Mail Steamers. The Mail Contract was to terminate by effluxion of time in 1876.

No subsidy was paid to the Castle Company at that time for the services we rendered in carrying letters; indeed, the Imperial Post Office authorities showed no disposition to assist our enterprise. The only payment allowed was the ship-letter postage. The rate for ship letters despatched by our vessels was fourpence per half-ounce, of which the Government allowed the steamers one penny per half-ounce. There were no other steamers then in the trade, except the Union Company's and the vessels which we employed. The size of the vessels employed by the Union Company was somewhere about 1,400 tons gross register, with an average passage of 32 to 35 days.

3. In anticipation of the termination of their Mail Contract by effluxion of time in 1876, the Union Company secured an extension for about four years beyond the three years their Contract then had to run, to sail three times a month, and still to be paid the one shilling per half-ounce as subsidy for the letters carried. This extended contract with the British Post Office, under sanction from the Chancellor of the Exchequer of the day—Mr. Robert Lowe—was contrary to my understanding with the Union Company, and plainly intended to compel our withdrawal from the trade. The merchants connected with South Africa felt it to be a proceeding adverse to their interests, and they immediately held a public meeting in the City of London to protest against this extension of the Cape Mail Contract. Resolutions were at once despatched to the Cape and Natal; the Government and people there objected to the extension, and very strong protests were forwarded to England against the ratification of the Contract. These reached England in sufficient time before it had received the approval of the Imperial Parliament.

The extended Union Mail Contract, after a Debate in the House of Commons, and its consideration by a Committee of the House, had to be abandoned by the Home Authorities. In view of the cancellation of the proposed new Mail Contract, the Cape Government decided to arrange with the Castle Company for an additional service until suitable arrangements could be made for a new Contract for the conveyance of the Mails after 1876; and in order to induce our vessels to remain in the trade they agreed with me to allow our steamers 2*d.*, instead of 1*d.*, per half-ounce out of the 4*d.* per half-ounce (which, as I have said, was the sea-letter postage charged by the British Post Office for letters by our steamers), and to pay to our Company £150 per day for every day our steamers should make the voyages to and from the Cape under the 30 days of the cancelled Mail Contract, instead of the 37 days stipulated in the old Contract of the Union Company.

4. In due time the Cape Government were able to enter into negotiations with the Union Company and with the Castle Company for an alternate weekly Mail Service, to date from 1876, and arrangements were finally come to between the Agents of the two Companies at Cape Town and the Cape Government for the new Weekly Mail Contract. The sailings were to be equally divided between the two Companies. The postage was reduced one-half. The settlement, however, of the terms of the Contract made at Cape Town with the Agents of the two Mail Companies appeared to me to be unreasonable, and I declined to accept them—particularly in regard to the excessive speed required and the condition sought to be imposed that the two Mail Companies should always continue to be in conflict. The following is the condition in the proposed Contract which I refused to accept:—

> "And whereas the said services hereinbefore "mentioned have been divided between the Com- "pany and the Union Steamship Company for "the purpose and with the object of securing "competition between the said Companies, and "such purpose and object will be frustrated if the "Company amalgamates with the Union Steam- "ship Company, or with any other person or "company who may at any time be performing "the residue of the said services not performed "by the Company or any other part thereof, it is "hereby further agreed by and between the said "parties hereto that if at any time during the "continuance of this Agreement the Company "shall without the consent, in writing, of the "Governor of the Cape of Good Hope, amalgamate "with the said Union Company, or with any other "person or company as aforesaid, or shall come to "any understanding or agreement, direct or in- "direct, with the said Company, or with any "other person or company as aforesaid, to charge "the same fares for passengers or freight for goods "whereby in any way competition may be pre- "vented between the said Companies or persons, "it shall be lawful for the Colonial Secretary of "the said Colony, by writing under his hand, to "determine this Agreement at any date to be fixed "by him without any previous notice to the Com- "pany or their Agents, nor shall the Company be "entitled to any compensation in respect of such "determination. And in case the said Colonial "Secretary shall have reason to believe that there "is any such amalgamation, understanding or "agreement as aforesaid, it shall be lawful for "him by writing under his hand stating that he "has reason to believe as aforesaid to demand "from any such company or person as aforesaid "whether there is any such amalgamation, under- "standing or agreement; and unless the said "Company shall by writing under the hand of the "Chairman of the Company, or of the Agents of "the Company in the said Colony, or in case of a "private person or persons, unless such person or "persons shall by writing under his or their hand "or hands of the Agents of such person or persons "in the said Colony within four calendar months "after the service of the said demand at the office "of the Agents of the said Company or person or "persons in Cape Town declare that no such "amalgamation, understanding or agreement "exists, the same shall, for the purpose of this "Agreement, be taken to exist."

In consequence of my objections to the proposed Contract, Sir John Molteno, Premier of the Cape Colony, visited this country under an arrangement with the Imperial Government, with the result that the Mail Contract agreed upon at Cape Town was set aside and the terms of the new Mail Contract to date from 1876 were finally settled by him with me. It is to be noted that the Emigration Contract with the Union Company, who had stipulated for exclusive conveyance, was cancelled and the Contract for the conveyance of emigrants divided equally between the two Companies. This arrangement continued in force until the amalgamation of the two Companies. The Union Company afterwards agreed to the same terms, and the Mail Contract was divided between the two Companies. The postage it was decided should be reduced to 6*d.* per half-ounce, and a fixed payment of subsidy was agreed. The following condition was agreed to take the place of the condition which I objected to, and was inserted in succeeding Contracts:—"Inasmuch as this agreement "is made upon equal terms with that made by the "said Colonial Secretary with the Union Steamship "Company, Limited, the Company will not during "the currency of this agreement be at liberty to amal- "gamate or form one Company with the said Union "Steamship Company, Limited; except with the "approval of the Government of the Cape of Good "Hope."

It is hardly necessary to go into the details of the negotiations for the subsequent Mail Contracts made from time to time by the Cape Government with the Union and Castle Companies. They were all in accordance with the principle of equality between the two Mail Companies. The following is a list of the Cape Mail

Contracts so made for an alternate weekly service by the Union and Castle Companies from 1876 to 1899:—

5th October,	1876,	term seven years,	1876 to	1883.
18th January,	1883,	,, five ,,	1883 ,,	1888.
1st February,	1888,	,, five ,,	1888 ,,	1893.
24th March,	1892,	,, seven ,,	1893 ,,	1900.
19th July,	1899,	,, ten ,,	1900 ,,	1910.

5. Previous to the termination of the Contract which expired in 1900, the merchants and Chambers of Commerce in South Africa agitated that there should be public competition for the conveyance of the mails, and the Cape Government put the new Contract up to public tender. It was announced that the Cape Government would not divide the Mail Contract between the two Companies as formerly, but that the Mail Service would require to be contracted for as a whole, it having been decided to give the Contract to only one Company, instead of as formerly to the Union and Castle Companies for alternate sailings. The object, of course, was to compel competition between the Union Company and the Castle Company. The Cape Government also desired and expected to receive offers from British steamship owners and capitalists. No satisfactory offers, however, were forthcoming; the Union and Castle Companies declined to compete against each other; and, in the absence of proposals for the Mail Service, the Cape Government finally agreed to the terms offered jointly by the Union and Castle Companies and divided the Mail Contract, as formerly, between them.

In the Mail Contract from 1900 to 1910, the clause mentioned in the preceding paragraph of this letter limiting the power to amalgamate was excluded, and the following substituted:—

Clause 32 of the 1899 Contract:—

> "Save as hereinafter provided, the Contractors shall not assign, underlet, or dispose of this Agreement or their interest therein, or in any part thereof, neither shall the Union Steamship Company, Limited, or the Castle Mail Packets Company, Limited, assign to the other Company the assignor's share of the benefits of this Agreement without the previous consent of the said Postmaster-General or Treasurer signified in writing under his hand or under the hand of the Secretary for the time being of the Post Office of the Colony of the Cape of Good Hope. Provided always that the said two Companies, without such consent as aforesaid, may make such arrangements—*inter se*—and enter into such mutual agreements, and make such transfers from the one to the other of them of their respective share and interest in the Contract herein contained, and of the business and property of each Company either the one to the other or of both Companies to another Company for the purposes of union of interests as shall not affect the liability or any of the liabilities of either or both the said Companies as Contractors under the provisions herein contained to perform the works and render the services hereby contracted for."

Shortly afterwards negotiations took place between the Union and Castle Companies, with the result that the property and business of the Union Company were taken over by the Castle Company, and thereby was formed what is now known as The Union-Castle Mail Steamship Company under the management of my firm, which Company now carries the mails.

6. It will naturally be asked whether these two Companies were the only two Companies engaged in the South African trade after 1872, or in 1876, the year in which the Cape Mail Contract was divided between them by the Cape Government. After 1872 other Companies were established—namely, the Clan Line, managed by Messrs. Cayzer, Irvine & Co., Glasgow, in 1881 (to supply the trade between Glasgow, Liverpool, and South Africa), and the Rennie and King Lines engaged in the direct trade with Natal. These services are carried on by Messrs. John T. Rennie, Son & Co., and Messrs. Bullard, King & Co., who had previously sailing vessels engaged in the trade.

In 1881 Messrs. Houlder, Bros. & Co., Shipbrokers, London, with other firms interested in sailing ships trading to the ports of South Africa, formed an Association known as the South African Line, and despatched chartered vessels at regular intervals.

7. In course of time, the Government of the Cape thought that they could bring about the establishment of another Line which would oppose the Mail Companies, the Clan Line, the Rennie and King Lines, and the South African Line; and as a result another body of shipbrokers, under the leadership of Messrs. Alex. Howden & Co., London, were induced to start a steam service under the title of the International Line. This new Line made its entrance into the South African business under encouragement from the Government of the Cape, who desired specially to obtain reduced terms for the conveyance of their emigrants, who had been carried up to that time by the Mail Companies. After making proposals privately to certain shipowners, the Agent-General of the Cape Colony in London, under instruction from the Cape Government, put up to public tender the contract for the conveyance of emigrants to Cape Colony. The rate at which the Union Company and the Castle Company jointly tendered was somewhere about £12 per head; but the International Line, being anxious to get the Emigration Contract and a position in the trade, tendered at about £8 per head. They were granted the Emigration Contract. Within a few months, however, they experienced much difficulty in finding tonnage to carry the emigrants (as they were not possessed of steamers, and had to seek for chartered vessels having Board of Trade certificates), and so it happened that one day I was called upon at the House of Commons by Mr. Alex. Howden, who informed me that he had been directed by the Agent-General of the Cape to prepare tonnage for the conveyance of about 200 emigrants under the Emigration Contract; that his firm could not find suitable vessels; and that consequently they were unable to fulfil their engagement with the Cape Colony. He asked if I would agree that the Castle Company should carry them. I agreed to do so; but only on the condition that he would pay the rates we had tendered at per head for each emigrant. This he agreed to do, with the additional undertaking, which I claimed, that those with whom I was in rivalry at the time, namely the Union Company, should get the next batch of emigrants he might have to carry, and on the same terms. Mr. Howden told me he was afraid they would have great difficulty in carrying out their Emigration Contract. We conveyed the emigrants referred to in our Company's vessels, and the Union Company got the next shipment. Subsequently a dispute arose between Messrs. Howden for the International Line and the Cape Government in regard to their Emigration Contract, with the result that legal proceedings were taken by Messrs. Howden against the Cape Government. Compensation to the extent of several thousand pounds was obtained from the Cape Government by Messrs. Howden for the International Line.

As a result of these proceedings the contract for the conveyance of emigrants was cancelled, and new contracts for the emigration service were made between the Cape Government and the Union and Castle Mail Companies; and, inasmuch as the merchants had to a certain extent assisted the South African Line, and that the Cape Government had shown favour to the International Line, the Mail Companies offered no objection to these two Brokers' Lines continuing to run steamers in the South African trade. This is the opposition Line to which Mr. Soper referred in answering Question 285 before the Royal Commission—when he said: "There is another instance in which the action "of the Colonial Government brought on opposition," and he added: "I stood on a public platform in "Bishopsgate as a merchant, and I said 'what you "'are doing is, you are coaxing an opposition to come "'on, and the ultimate result will be that the mer-"'chant will have to pay the piper.'"

8. Another opposition was started by Messrs. Suter, Williams & Co., in 1886; but this firm after severe losses, found the support given to them by the merchants so different from what they had been promised, that one day Mr. Suter called upon me and informed me that the rates had been so much reduced in opposition to satisfy the merchants, that the result was wholly unsatisfactory to him, and that, in an especial manner, they were disappointed that day through one of the principal shippers having offered to their Line a considerable parcel of goods if they would reduce the rate 6*d.* per ton below the ruinous rate of 8*s.* or thereabouts to which rates had been brought down. The result of the visit of Mr. Suter to my office was the decision before he left the room that they would immediately issue a circular to announce that, in consequence of the little support they had received,

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they had decided to withdraw from the trade. With this the merchants appeared to be well satisfied. A few days previously some of them had called to urge me to endeavour to bring about a settlement of the disastrous condition of affairs, and the general satisfaction was expressed that the opposition, which had seriously disorganised their whole business was now over.

9. Afterwards, in the year 1892, public announcements appeared to the effect that, under arrangements with certain South African firms, Messrs. Bucknall Bros. were to build steamers for the Cape trade. The conditions which they and the merchants supporting them proposed to the Mail Companies appeared to us to be wholly unworkable and unreasonable. It was admitted that the trade was well supplied with tonnage ; but the merchants, favouring the admission of Messrs. Bucknall, urged that the steamers despatched by the two Cape Cargo Lines, then operating under the management of Messrs. Houlder and Messrs Howden, were of inferior speed ; and that being chartered vessels, the merchants had great difficulty in obtaining settlement of their claims for short delivery or damage ; and they asked that we should insist on the withdrawal of both the South African Line and the International Line, and so make room for Messrs. Bucknall. This proposal the Mail Companies declined to assist in any way. As the result of negotiations which followed, Messrs. Bucknall entered into the trade with Messrs. Houlder Bros. and Messrs Howden, of the South African and International Lines, to act as loading Brokers of their vessels instead of despatching chartered steamers as formerly.

10. In view of the existing misconception regarding primage as part of the freight, and the mistake of confusing "primage" with shippers' commission, *i.e.*, the so-called rebate, it is pertinent here to observe that it was at the time of Messrs. Bucknall starting in the trade, in 1892, that the commission to shippers was increased from 5 per cent. to 10 per cent. The 5 per cent. commission had been allowed from 1886 until 1892, during which time the primage was always 10 per cent. Primage has always been a part of the freight, and has throughout existed in the South African trade at 10 per cent., even when no commissions to shippers were payable. It will thus be seen that up to 1886 there was no commission to shippers ; that from 1886 to 1892 it was 5 per cent. ; that it was then made 10 per cent. ; and that it has again reverted to 5 per cent. in 1907. The Royal Commission will recognise from this statement of fact that there is no relationship whatever between the primage and the shippers' commission ; they are in no sense interdependent, and never have been so.

11. At the time the Bucknall Line entered into the trade, I thought it proper to explain to the merchants in a public meeting how this had come about, and to suggest to the merchants what was in the minds of many of them—the advantage and propriety of establishing a Merchants' Committee which could meet the shipowners from time to time. A large and influential meeting was held at the Cannon Street Hotel on Wednesday, 4th May, 1892 ; it consisted not only of South African merchants but of others interested in the welfare of South Africa. The meeting called upon me to take the chair. After explaining the circumstances under which arrangements had been come to with Messrs. Bucknall, I proposed that a Merchants' Committee should be appointed by the gentlemen present, to meet and confer with the shipowners from time to time in regard to rates of freight, classification of goods, improvements possible in the trade, claims of merchants, charges, tonnage supply, and so forth. This proposal was cordially received and acted upon. The South African Merchants' Committee was thereupon formed, consisting of 14 of the principal firms engaged in the trade with South Africa. At the first conference of the merchants with the shipowners afterwards, Sir William Dunn proposed that there should be a reduction of the rates of freight ; but this the shipowners claimed should be considered with other points, and with regard to classification, &c., which had to be dealt with. Sir William Dunn resigned the Chairmanship, and Mr. William Garland Soper was elected. During three months in the early part of 1893 conferences were held between the Merchants' Committee and the shipowners, and finally the Compact of 9th March, 1893, was agreed to. It is to be observed that, instead of insisting upon a reduction of freight, the merchants, after consideration of the matter, agreed that "important reasons had been "adduced why the rates of freight should be increased "and not lowered," and the shipowners were authorised to raise the rates instead of lowering them, upon giving reasonable notice, namely, by 5*s.* per ton on the first and second classes, 3*s.* 9*d.* per ton on the third class, and 2*s.* 6*d.* per ton on the fourth class. Since that time, the steam lines have only once advanced the rate of freight, and only to one-half of the extent agreed under the Compact. It was explained to the Conference of South African Delegates at the Colonial Office in December, 1905, large reductions had been made since in the rates of freight on certain articles, by alterations in classification.

12. Subsequently, in 1902, Messrs. Cayzer, Irvine and Co., of the Clan Line, who had been in the trade between Glasgow and Liverpool and the ports of South Africa while the Mail Companies and others were supplying the trade from London and Southampton, made arrangements with Messrs. Ellerman and Messrs. Harrison, of Liverpool, for sailings of their steamers from the Clyde and the Mersey.

13. Afterwards, in opposition to the regular lines, Messrs. R. P. Houston & Co. advertised their vessels in the Cape and Natal trade, and they have since despatched steamers to South Africa.

The Royal Commission have now before them the circumstances under which from time to time the Mail Contracts have been made, and new steamship lines have become interested in the South African trade. It will be apparent that the present co-operation or Conference of the shipowners has in large measure been brought about by the action of the merchants themselves, and of the South African authorities and Chambers of Commerce.

The Conference at the Colonial Office in 1905 and 1906.

It is necessary, I think, that I should place before the Royal Commission some observations upon certain points which were put before the meeting of Delegates at the Colonial Office in the course of their negotiations with the shipowners towards the end of December, 1905, and in the early days of January, 1906. The matters referred to have been persistently set forth in a sense unfavourable to the shipowners, and I take the opportunity to state more correctly the facts of the case.

1. At the Conferences held in the Colonial Office the South African Delegates charged the steam lines with having exacted excessive rates of freight, and in my letter, written on behalf of the shipowners, dated 5th December, 1905, I replied very distinctly that we denied absolutely that the present tariff rates of freight charged to the general public from the United Kingdom were, as was claimed, "excessive and detrimental "to the interests of South Africa."

2. At a preliminary private meeting of the Delegates, and before meeting the shipowners, the Delegates from South Africa agreed together to claim from the shipowners a reduction in the rates of freight, which should be very considerable, and should be even 25 per cent. But at last it was decided to ask 20 per cent., coupled with an ultimatum that, failing this being agreed to, stringent adverse legislation, with pains and penalties in South African ports, would be directed against the shipowners. In the course of the subsequent discussion with the shipowners, the Delegates definitely claimed the reduction of 20 per cent. off current rates, and this was at once, without hesitation, declined by the shipowners. The nature of the claim for reduced freights may be seen in the fact that 20 per cent. reduction meant somewhere about half-a-million sterling loss to the steam lines annually, and this, it was admitted, was quite unreasonable. The Cape Premier told his colleagues on the 23rd December, 1905, in regard to the proposed reduction of 20 per cent. : "Then we come to Mr. Birchenough "—I should look upon Mr. Birchenough as a neutral "man—a practical business man. He said : 'Calcu- "'late how much it is—1,800,000 tons.' Sir Donald "Currie said : 'This will come to £400,000,' but the "experts meeting at the table made it £500,000. "Mr. Birchenough said : 'Take what the net pro- "ceeds are as calculated by Mr. Jagger,' and we find "that this not only takes all the profit, but eats into "the working costs ; therefore it would be unfair." Mr. Jagger, the Delegate from Cape Town, in making his claim for reduction, stated frankly that from the

first that he had said that he was not prepared to argue whether the service paid the shipowners or not. It was proposed to the shipowners, by way of inducement, to make this large sacrifice that perhaps the South African Governments might agree to allow to the shipowners, at the expense of their taxpayers, higher rates of freight for Government stores or shipments, but this it was admitted would only produce to the advantage of the shipowners, perhaps, £50,000 a year. The Delegates found it desirable to reduce their pretensions, and at last came down from 20 per cent. to a proposed reduction of 15 per cent., then of 12½ per cent., then 10 per cent., and finally, a suggestion by the merchants' representatives of 7½ per cent. Mr. Harry Mosenthal said: "I do hold myself "that 10 per cent., or even 7½ per cent., reduction "is vastly preferable to an open market."

3. It was argued, as has been stated in evidence to the Royal Commission, that for the last two or three years there has been no reduction of freight in the South African trade, but it was shown clearly at the Colonial Office meetings that, in the preceding two or three years, the rates, by alteration of classification of goods, had actually been reduced by 2*s.* 6*d.* to 12*s.* 6*d.* per ton spread over some 60 different descriptions of goods. The Commission are now informed that such alteration has been extended to over 100 articles.

4. The shipowners were said to favour Continental manufacturers and merchants who ship goods from the ports of the Continent, by charging lower rates than are charged from British ports, and that we are parties to the practice whereby the German railways charge through rates to South Africa by weight, instead of by measurement as in England. To this the answer was, that on the German State Lines goods are carried by weight exactly as they are carried by weight on English railways. When put on board ship such goods are in this country charged, at the shipowner's option, by weight or by measurement, and, equally, when shipped from such a port as Hamburg, they are charged at the shipowner's option, by weight or measurement. The point of the grievance on the part of the British Lines is, that the State railways of Germany allow to the German East African Mail Line exclusively reduced railway carriage rates from inland towns upon German manufactured goods, provided they are shipped at Hamburg by the steamers of the German East African Line, which sail under the German flag, and not by British steamers. It has been repeatedly stated by merchants that this preference to German manufacturers, shippers, and shipowners is approved by the British Lines, although directed against British manufacturers and merchants; to which I reply, that the system complained of is not supported or approved by the British shipowners engaged in the trade between Continental ports and South Africa. On the contrary, it has been from the first protested against as being unfair to British shipping, and especially injurious to our own and other British steamers engaged in the trade from the Continent to South Africa.

The charge of allowing exceptionally favourable treatment to German shippers has simply been put forward to prejudice the shipowners engaged in the trade from the Continent to South Africa, as if we were in league with the German Government, manufacturers, and shipowners in carrying out what must be seen to be injurious to British traders and shipowners, and wholly contrary to our interests. We have continually protested, both to the British Government and to the companies concerned, against the disadvantage under which our steamers load in Continental ports, but without result; and no assistance has been rendered on the part of the British Government to remedy this state of matters, so unfair to the British Mercantile Marine and injurious to the interests of British manufacturers. The merchants, however, while complaining of our rates from Germany, take full advantage of any benefit they can obtain by giving their orders to foreign manufacturers.

5. It has been stated that the Steam Lines have not kept to the Compact with the Merchants' Committee. The charge is, that we placed the South African Governments and certain municipalities and corporations at an advantage as to rates of freight. Even if this charge could be supported, the Merchants' Committee have not considered it would justify their withdrawal from the Compact. But I go farther; I deny that we broke the conditions of the Compact, for, in the three months' discussion before its terms were fully settled, there was no stipulation or condition that the Government or Corporations should pay berth freight rates, or be debarred from the advantage of being able to contract for their special large shipments of railway material, coal, iron pipes, mining material, &c. It would appear that the merchants consider we should make Governments pay merchants' rates, while Governments and corporations are to be free to put their shipments up to public tender.

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The conditions put forward before the Colonial Conference, and since to the Royal Commission, on behalf of the Merchants' Committee were the following:—

(*a*) Rates of freight to be reduced.
(*b*) Modification of the terms of commission or rebate.
(*c*) Abolition of contracts.
(*d*) Despatch of vessels on fixed dates.
(*e*) Shipowners not to take cargo on ship's account, &c.
(*f*) New classification of goods.

In answer, I have to say (*a*) that in my letter to the Premier of the Cape Colony of 5th January, 1906 (after the Conference), I stated the reductions which shipowners would agree to; (*b*) proposal was adopted by the shipowners; (*c*) condition as to cargo had to remain. Conditions (*d*), (*e*), and (*f*) were approved.

After about three weeks' discussion at the Colonial Office, the Delegates broke off negotiations with the Steam Lines, alleging that they could not accept the moderate reductions which I proposed on behalf of the shipowners; but the Premier of the Cape Colony, notwithstanding this withdrawal of the Delegates, intimated that he would himself at once seek to arrive at an arrangement with the shipowners, and, consequently, before leaving for the Cape, he called upon me, accompanied by Mr. Maydon, representing Natal, and Mr. W. Garland Soper, Chairman of the Merchants' Committee, when we settled the basis of an arrangement for lower rates, which I put in writing, addressed to Dr. Jameson on the 5th January, 1906, the day of his departure for Cape Town.

Evidence taken by the Commissioners in South Africa.

It would be an endless task to deal with all the evidence that has been given before this Commission. The following, however, are some notes that I have made upon the evidence taken in South Africa:—

The Commission in South Africa took the evidence of 53 witnesses—11 officials and 42 connected with trade. Of those connected with trade, 21 were not opposed to the commission (so-called rebate) system; two of them, representing farming interests, expressed no opinion one way or the other; in all nine were against the commission system, and of these, seven have for a long time taken a hostile attitude to the shipowners. At Natal, the Chamber of Commerce held altogether aloof, declining to give evidence, and the opposition to the Steam Lines was mainly represented by a lawyer, a clergyman, and a newspaper editor. The merchants opposing the shipowners numbered in South Africa, altogether, only 16 out of 37 witnesses—that is to say, less than one-half of the merchants who gave evidence as to the South African trade.

It was said that in a free market the small shipper would have the same chance as he has now. This was urged by a witness at East London. The firm of which he is a member have more than once stated, in discussions in London, that, as a large firm, they are entitled to preferential treatment over small shippers. It is idle to say that the small shipper would not suffer. In a recent steamer we had no less than 278 single shipments, there are many shippers who have only two or three marks, and some only one constituent in South Africa.

There is a free market between South Africa and Mauritius, yet there were complaints at Port Elizabeth that rates from Mauritius varied—complaints from the very merchants who were asking for a free market between this country and South Africa. Other complaints were, that from Mauritius (a free market) 5*s.* a ton extra was asked from shippers who would not promise exclusive support; and that in New York (where there are no rebates) a large firm had been given special contract rates. How these things can be improper, unless the ancient principle of "Reduction

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"on taking a quantity" be proved to be immoral or illegal, I do not know. But what is obvious is, that the merchants expect to have provided every advantage they might get, both under the rebate system and in the open market, while the shipowners are to be deprived of any advantage they might secure under either.

A witness at East London, in answer to questions, stated there were three or four sailings in the course of a month from New York to South Africa, while the fact is, that there were only 20 sailings from New York to South Africa in the whole of 1907. The Commissioners were led to believe by this evidence that the passages from New York to South Africa do not differ much from those from the United Kingdom, but the witness, while giving the time occupied in the voyage to Cape Town, did not think it necessary to inform the Commissioners that the time occupied by the New York steamers in getting to Delagoa Bay, the last port of discharge, was two to three weeks longer on the voyage for the six Conference steamers quoted than the steamers from England loading to Natal and Delagoa Bay. It is to be observed that the steamers despatched from the United States to South Africa sail at irregular intervals and not until they fill up, whereas the steamers loading in the trade from Great Britain and the Continent sail on fixed dates, full or not full.

The same witness, while entering largely into the question of facilities that had been given to American trade *versus* British trade, omitted to inform the Commission that his own firm had been the most persistent shippers in the trade in supporting opposition from New York, and were largely responsible for continuing the opposition on which they base a claim for reduced rates from Great Britain on their shipments.

Complaint was made in East London to the Commission as to the coaling operations of the Mail Company in South Africa, as if the Company were under the Goods Freight Compact, or otherwise debarred from such operations; and yet the coal contract was held by another shipping line in 1906 without any complaint being put forward by anyone. No one can assert that if the contract had been taken by others the freighting would have fallen to the Union-Castle steamers. It is to be observed that previous to the development of the Natal coalfields the contracts for South Wales coals for the Cape Railways were always in the hands of shipowners and ship brokers.

At East London a witness, in giving evidence before the Sub-Commissioners, spoke of the stipulation that shipowners should not take cargo on ship's account "except coals *to fill up*." Presumably, he referred to the Compact of 9th March, 1893, but no such stipulation is contained in that document, Clause 5 reading: "The shipowners' assurance with regard to "shipments of cargo on owners' account is, in the "main accepted." This assurance was as follows: "In "a general way, the shipowners agree with the mer-"chants that it is very desirable no cargo should be "taken on ship's account, but this has to be qualified "by a consideration of the question whether sufficient "cargo is supplied by the merchants to fill the steamers "despatched to South Africa." In my letter to Mr. W. Garland Soper, Chairman of the Merchants' Committee, of 23rd May, 1907, announcing the new rates and conditions to come into force on 1st July, I stated: "The Steam Lines adhere to the Compact made with "the South African Merchants' Committee on 9th "March, 1903, in regard to non-shipment of cargo on "ship's account, except coals." Moreover, it is manifest that such stipulation as existed only applied to the outward trade from this country, and had no bearing upon the export of Natal coal. The witness complained that the Union-Castle Company supplied to the East London Harbour Board, and, therefore, to the ratepayers of the port, coals at a cheaper price than he or other merchants could do, thereby indicating a claim on his part to supply coal for public use at a higher price at the expense of the public.

The evidence given at Natal was somewhat interesting, for it was given by the three witnesses entirely on their own initiative; the Chamber of Commerce took so little interest in the freight and rebate question that not even a quorum was got together to discuss what should be done upon the arrival of the Royal Commission. The editor published in the "Natal Witness," on the 8th October, 1907, a statement to the effect that the South African farmer was paying to the Steam Lines three farthings per pound for the conveyance of wool and mohair to England, while the Australian farmer was paying less for the carriage of his wool for double the distance. He had subsequently to publish the fact that the rate of freight for grease wool and mohair from South Africa is only three-eighths of a penny per pound, or just half the rate which he had quoted. Mr. Tatham, lawyer, Natal, in his evidence, informed the Commission that a trade which was entirely lost to British manufacturers and transferred to the foreigner was cement, apparently ignorant of the fact that the value of British cement imported into South Africa in 1906, was £95,000, as against £50,226 for foreign cement.

In regard to live stock it was urged that the rates charged from Canada and Australia are much less than the rates from England to South Africa; but no mention was made of the fact that only cattle of a very high class have been shipped hitherto for South Africa, and only in very limited numbers, and that if this trade is to be an important one and the rates reduced, as would be desirable in the interests of agriculture, the steamers would require to be specially fitted for the purpose and be guaranteed shipments. The conveyance of this description of cattle requires special arrangements, which do not apply in the case of shipments from Canada and Australia.

It was stated in a letter from the Cape Town Chamber of Commerce that the rate for oats was three times the freight charged from the Argentine; but upon examination of the statement it was found that no oats at all had been exported from South Africa. Lately, however, that is to say, so lately as in December, 1907, oats have been carried at lower rates from the Cape than are being quoted for heavy grain from the Plate. A witness, in his evidence, stated that the rates for wool were $\frac{3}{8}d.$ for grease wool and $\frac{3}{4}d.$ for snow white, and then added, "I have taken the "average at $\frac{1}{2}d.$" But he did not point out that this average is unfair to be quoted against the shipowner, seeing that snow-white wool represents less than 10 per cent. of the total exports of wool. In like manner, although not a shipper of gold, he represented to the Commissioners that gold was subject to an additional charge of 10 per cent. primage, whereas there is a rebate of 2*s.* 6*d.* per cent. on shipments of gold, and no primage added to the freight.

At East London the Chamber of Commerce did not adopt the course which was taken at Port Elizabeth in respect of the answers to be given to the Commission, for the matter was fully debated in Conference, with the result that the majority voted in favour of the rebate system.

In the evidence given by Chambers of Commerce in South Africa, several witnesses repeated the argument against shipowners, to the effect, that the commission or rebate is the merchant's money, or that it is primage. I dealt with this subject in the following terms in my letter to the Hon. Mr. Martin, of Johannesburg: "The primage of 10 per cent. forms part of "the freight; it is not reckoned up and placed to the "credit of shippers; it is not returned to the shippers; "the primage as part of the freight is one thing, and "the commission as an allowance to the shipper for "support is quite a different thing."

It has been stated in evidence at Johannesburg that a reduction in the number of sailings would enable the shipowners to reduce the rates of freight; but it is overlooked that the sailings have been reduced owing to the dulness of trade, and that the Mail Company, for instance, has reduced its sailings by about one-fifth. A reduction of sailings all round would require to be agreed amongst all the lines, and this is very difficult of accomplishment, as each line controls its own sailings. Moreover, any reduction in the number of sailings of British steamers would only encourage the increase of the present number of foreign ships engaged in the trade or wishing to enter into the trade. It may also be said that if by any arrangement the steam lines could reduce their sailings, the first use which would be made of it on the part of merchants would be to claim that the service was a monopoly, offering less facilities than formerly.

With respect to sailing vessels, it has to be borne in mind, that the steamship owners are unable to demand excessive rates, seeing shippers are free to ship by sailing vessels to any extent they please, without in the slightest degree affecting their claim to the commission under the Conference circular.

It has been a cause of complaint that, although the shipowners contend that they are free to make special contracts for carriage with municipalities or corporations, the practice of making such contracts is prejudicial to the ordinary shipper of berth cargo. But if the Governments, or the merchants, or whoever has the necessary authority in South Africa are not prepared to compel municipalities and corporations to abstain from putting their shipments up to public tender, are the shipowners to be debarred from tendering for such cargo in the open market? If the Shipping Lines did not tender for such shipments put up to public tender, the ordinary shipper would be in no sense better off than if he had consented to let the Conference steamers carry such cargo, and the Conference shipper would be running the risk of having competitive goods shipped in such an outside steamer as might obtain the shipment put up to public tender, to his actual detriment, in the absence of protection afforded by the Conference against competing goods shipped in such outside steamer.

In regard to heavy lifts, some criticism was raised at Johannesburg on the subject of charges, one witness stating: "It is as easy to handle one 5-ton article in "one piece or even a 10-ton article as it is to handle a "sling of candles." But the risk of damage to a sling of candles in being loaded or discharged would be nothing compared to the injury to a large casting or complicated piece of machinery, which, if broken, would be useless, and could not be repaired. There is also the risk, which must not be lost sight of, of the damage to other goods, and even to the vessel, resulting from an accident to a sling of candles as compared with an accident to a sling of a heavy piece of machinery. We have often had to pay heavy charges for damages to such packages of machinery, and the risk to the carrying steamer has often been very serious. The loss upon a sling of candles, or the injury which an accident with such a shipment might entail is not to be compared to the risks, not merely of loss by damage (with considerable expense for loading and discharging), but the risks to the crew, which are materially increased in the handling of these heavy and awkward pieces.

The Suggested "Remedies."

The Summary of South African Evidence refers to three kinds of suggested "Remedies"—so-called. These are:—

(1) Abolition of rebates by legislation.
(2) Consultative Board, or Control by Board or by Arbitration.
(3) Exercise of Government influence.

Of these, the first and third were referred to in the Shipowners' Memorandum of February, 1907. The first apparently involves such legislation against the shipowners engaged in the South African trade (not even against shipowners generally), as shall make illegal for them methods of business that are employed, and are to remain legal for every other class of trader in the world, not to mention our foreign competitors. The third, so far as it deals with bargains the Governments shall seek to make, is a matter for those Governments. It involves the advice to them that they desire to make not the best bargain they can in the interests of the whole of their people, but a bargain in the interests of the merchant section of their people, and of the merchants in England. I may at least say, as one who has some concern for the welfare of South Africa as a whole, that I doubt if the result would conduce to that welfare.

The suggestion has also been made that the Governments should control freights in the interests of merchants through the medium of the Mail Contract. It may, however, be remarked that the Mail Contractors are paid for services rendered in carrying mails, and any restrictions on their freedom of action in the freight market would have to be compensated by the Government at the expense of the taxpayers. Moreover, it would be interesting to know how this suggestion could be made to apply to the six or seven Lines of the Conference which are not under Mail Contract.

As regards the second, I must say a little more. The suggestion appears to provide for (i.) Consultative, but not compulsory, influence; or (ii.) Compulsion with or without Consultation.

(i.) *Consultation.*—During the whole of my connection with this business it has always been my earnest desire to act in consultation with the body of shippers. Obviously, we cannot de them in such a way individually. For t reason I myself in 1893 initiated the m which led to the formation of the M Committee, and the Compact. I now most of the witnesses in South Africa the authority of that body. They have us so before. Neither individual tra Chambers in South Africa have ever steps to attempt either to make t Committee a body acceptably re themselves, or to substitute anothe

(ii.) *Compulsion* is a different prepared to submit to arbitration ing on any bargain we may have are not prepared to submit to person or body the question shall enter into, or upon w compelled to make bargai this proposition as clearly not conceive that the c thought a bold one. So claim involved in the c we should so submit, h industry or against Nor has any preceder been even mentione

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is question of control was not overlooked on
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1892, which appointed the London South
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wspapers, that the merchants are to be
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in London is not sufficiently representative; but this is a matter which is entirely in the hands of the merchants themselves. Whatever may be the constitution of the Committee of Merchants, there is, in my judgment, no satisfactory and lasting mode of settlement of business relations between merchants and shipowners, which can be secured otherwise than by their meeting together in frank and friendly co-operation.

I am, Gentlemen,
Your obedient Servant,
DONALD CURRIE.

4, Fenchurch Street, E.C.,
London,
12th February, 1908.

POSTCRIPT.—Since the foregoing was written, I have received from the Secretary of the Royal Commission the following questions, and I give my answers in their order:—

1. What security have shippers and merchants that the shipowners will perform the obligations which they have undertaken in the Compact of 1893?

Answer.—The question is hardly one to be disposed of by the use of the words "obligation" and "security," and the Compact of 1893 is not legally a contract; there are no contracting parties; and there is certainly on the part of the merchants no definite undertaking. There is, I dare say, no obligation on the shipowner, strictly speaking, which can be enforced, but the merchants have in fact just as much security as any one who receives a promise, which, although it could not be legally enforced, is still certain to be fulfilled in good faith. In the Compact the promises of the shipowners are express. There is no corresponding promise (obligation the question calls it) by the merchants. There is at least implied an expectation that the merchants will support the lines, and this is the basis of the whole arrangement. I may, I think, properly enquire what security have the shipowners that the merchants will perform this implied part of the Compact? The shipowners individually and collectively promise expressly, the merchants only by implication. All the shipowners who promise are actually known and named; the merchants and shippers are not known nor named, they are only represented by a committee who do not profess to bind the shippers.

2. Do you see any objection to shipowners being required to publish a classification list?

Answer.—I do not know what is meant by "required," or what sort of compulsion, if any, is suggested. With that qualification, I have no objection in principle to the publication of a classification list; but inasmuch as during the few past years there have been 124 alterations in classification, and nearly always at the instance of the merchants themselves, it is difficult to see how a reliable classification list can be provided. The shipowners have for the last few years urged upon the Merchants' Committee to meet them to settle classification, and when this classification list is settled, there is not likely to be any objection to its publication.

3. Do you think that shipowners should be entitled to raise rates or alter classifications without submitting proposals to do so to a Conciliation Board or some impartial Arbitrator? Have you any suggestions or proposals to make on this head?

Answer.—I have already specifically stated in my letter my view as to a Conciliation Board or arbitration in the control of our affairs. In view of the great number of elements which enter into the question of rates of freight, no arbitrator who was anything less than omniscient could properly fix them. He might be impartial in his motives and desires, but it is not reasonable to expect that he would be so in his decisions.

4. With reference to the evidence of Mr. Douglas Owen (*see* Questions 10215-6, 10229-35, 10248-9, 10314-5, 10330-6, 10347, 10551-2), do you consider it equitable that it should be impossible for merchants and shippers to terminate their shipments by the Conference lines except by forfeiting their rebates? Do you consider that they should be allowed, by giving notice, to free themselves from the rebate system without penalty? Have you any suggestions or proposals to make with regard to this matter?

Answer.—At the time Mr. Douglas Owen gave his evidence, the maximum loss of rebate by anyone

desiring to ship outside the Conference might have been 15 months, and the minimum 9 months; but since the issue of the Shipowners' Circular, of 1st July, the rebate period has been made 6 months and 6 months, so that a merchant is free under present arrangements to terminate his shipments by the Conference Lines by forfeiting only 6 months' commission at 5 per cent., instead of 9 or even 15 months at 10 per cent. I cannot admit that the shipowners are to have no hold upon the shippers for the facilities which they provide and the promise they give. If the so-called rebate circular is to be made inapplicable to any shipper who gives notice that he will not be bound by it, and yet is to be entitled to claim his commission, the shipowners may as well abolish the whole system. Every shipper would naturally be disposed to give the notice.

5. What are the terms of the Agreement between the British and German Lines in the Conference? In particular, does this Agreement include a stipulation that the German and British Lines are to charge the same rates from German ports, and that these rates are to be the same as the rates from the United Kingdom?

Answer.—There is no Agreement between the German and British Lines. There are only two of the Steam Lines in the Conference who despatch steamers regularly from the Continent to South Africa, *i.e.*, the Union-Castle Company and Messrs. Bucknall. There was a Working Agreement between these Lines and the German Lines, but it was terminated last year. The understanding hitherto has been that the German and British Lines should charge the same rates of freight from German ports as the British Lines charge from the United Kingdom.

6. Does the Agreement prohibit the German East African Line or any other German Line from receiving a share of the through-rate from inland towns in Germany, arranged in concert with the German State Railways, less than the port-to-port rate charged by the Lines which do not carry goods on these through rates?

Answer.—The British shipowners have no power to prohibit, and there has never been any agreement between any of the British Lines and the German Lines approving of the German State Railway's through-rate system. I have no knowledge how the German Steamship Lines arrange with the State Railways their proportion or share of the through-rate from inland towns in Germany. I have dealt fully with the State Railway question in the foregoing letter. If it be the fact, as has been suggested, that the German Railway "through-rate" system has increased German shipments, it has been to the manifest disadvantage of the British shipowners. We should have been only too glad to have had German and British shippers and shipowners on equality, but we have never been able to secure this. (There were representations by the Conference Lines to the Foreign Office about this. —*See* Appendix to Shipowners' Memorandum, pp. 141, 142.)

7. In the case of shipments from Germany do the British and German Lines charge alike per ton measurement and per ton weight, or would a British ship charge for certain goods so much per ton measurement while the German ship charges the same rate per ton weight, and *vice versâ*?

Answer.—In the case of the shipments from Hamburg and other Continental ports by the steamers of the British and of the German Steam Lines, the rates of freight have been charged alike by weight or measurement, at the option of the shipowners, and as may be to their advantage as shipowners.

8. Is it the case that in shipments of goods on through rates the German East African Line receive as their share of the through-rate a less amount per ton than the port-to-port rate charged by other Lines, and that this is due to the fact that through-rates are always based on weight?

Answer.—The advantage to the German Lines and the disadvantage to the British Lines of the German State Railway through-rate system is not due to the fact that through-rates are based on weight. To a certain extent, as for instance in the case of light cargo such as bent wood, there may be an advantage to a merchant or manufacturer in the system of charging by weight. As regards the proportion received by the German East African Line as to their share of the through-rate, I have no knowledge of what proportion the railways keep or allow.

9. Can you say, approximately, what proportion of the traffic from Germany to South Africa is carried by British Lines and what by German Lines, distinguishing as regards the latter between goods carried by the German East African Line, on through-rates from the interior and other goods; also giving the approximate proportion for Natal and Delagoa Bay separately from those for Cape ports?

Answer.—I have no knowledge, and cannot learn what proportion of the traffic from Germany to South Africa is carried by British or by German Lines; and I have no means of distinguishing between goods by the German East African Line on through-rates from the interior and other goods shipped at Hamburg. Further, I am quite unable to give the approximate proportion for Natal and Delagoa Bay separately from shipments for Cape ports. Here, I may mention, for the information of the Royal Commission, that the German State Railway system applies to shipments from the interior of Germany for Beira, East Africa, Delagoa Bay, and Durban, but not to the ports of Cape Colony.

D. C.

15017. These are, I think I may say, very able memoranda, and require, as they will undoubtedly receive, most careful study on the part of the members of the Commission. I propose to ask you some few questions as to the matters and arguments contained in these memoranda, and to direct your attention to some points which have been urged by the merchants; I do so, of course, only in order to acquire accurate information. I want to say, at the outset, that we know your time is extremely valuable, and that you ought not to be detained here for more than an hour-and-a-half; therefore I shall abstain as far as possible from troubling you with details. I should like to know whether there is anybody in your office who could perhaps give evidence as to details if we should require any further information? —Yes; but I do not think you will find it to be necessary.

15018. At the beginning of your memorandum reference is made to the Conference system; and I will ask you a few questions about that system. Are the rates of freight which are charged by the steamers belonging to the Conference the same as regards all your steamers?—They are the same.

15019. Are not the rates of freight by the mail steamers higher?—They are a little higher, I think—about 1*s.* 6*d.* and 2*s.* 6*d.* on some goods.

15020. What is the proportion in number of the mail steamers to the other steamers in the Conference?—We have 52 sailings of mail steamers in the year, and of our own intermediate and extra steamers perhaps 70 or 80; and with the other lines we have a total of perhaps 350 sailings altogether from England and Scotland.

15021. As regards the mail contracts, have all the members of the Conference some interest in the mail contracts and the profits derived from them?—They have none whatever.

15022. Only those who are parties to the contract? —Only the Union-Castle Mail Steamship Co. and Donald Currie & Co., who are interested.

15023. Is there any arrangement between the English lines and the foreign lines belonging to the Conference, that a foreign steamer shall not be allowed to carry goods from a foreign port at a cheaper rate than that charged by the English lines? —I know of no arrangement between the Conference Lines and the Germans or other foreigners. There has been an arrangement between the Union-Castle Co. and Messrs. Bucknall to alternate with sailings of the German Line in the year.

15024. Is there any agreement between the German Line and the members of the Conference?—There is none.

15025. None?—None that I know of. The Conference have nothing to do with the Continental trade, at least they have not taken any interest in it hitherto.

Sir Donald Currie.

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15026. But there are foreign steamers belonging to the Conference, are there not?—No. The Conference Lines are British Lines. The German Lines are the German East African Co., and the German Australian Co. They run their steamers to the east of Africa and to Australia, calling at Cape Town and other ports, but they have no arrangement with the Natal Lines, for instance, or with the Clan Line or Messrs Harrison's, of Liverpool.

15027. So I may take it there is no agreement at all between the German Lines going to South Africa and the English members of the Conference?—That is so.

15028. Having described the rebate system, you show the difference between the position of the railways and that of the steamship owners, and the difference between tramps and Conference steamers. For my part, I think the distinctions on which you insist are stated very clearly and with great force and accuracy, and so I have no questions to put to you on that point. But I do wish to direct your attention to another point. In your memorandum you refer to what is called the compact of 1893; of course, you will remember that very well?—Yes, I think I had a good deal to do with it.

15029. Under this compact you are supposed to have entered into certain agreements or undertakings? —Yes.

15030. What security have the shippers and merchants that you will perform those obligations?—They have, I think, a very good security in our promise which it would not do for us to break; and we have never failed in it up to this time. So that they have got both experience and our word.

15031. There has, allow me to say, been conflicting evidence on that point. What security have they that you will not ship goods on your own account?—They have got our assurance, and they have got now the fact that we have never done so.

15032. What security have they that you will not give lower rates of freight to municipalities?—They have none. We never promised not to do so.

15033. Now do you not think that it would be well if the terms of the compact were made more clear, and were embodied in some written document? —I should have thought, as the merchants are quite satisfied and have never complained of it to us, and as we are quite satisfied with it, that there was nothing to change. I do not see any reason for making it into any other shape.

15034. Do you think the merchants are quite satisfied with the state of things?—I have no reason to believe they are not. They should tell us if they are not. I have offered to meet them over and over again.

15035. There is another point on which I should like to hear your views. Long negotiations have taken place between you and the Merchants' Committee as to the rates of freight, have they not?—Do you mean in 1893?

15036. I mean in 1903 and 1906?—I assume you refer to the time of the opposition of the Houston Line?

15037. I refer to what took place at the meeting of the delegates in London, when there were long negotiations about the rates of freight. I want to put this to you, as you may help me on this point: Supposing that you had succeeded in coming to terms as to these rates, of what use would that really be if it is in your power without the consent of the merchants to raise the rates of freight? I dare say I am wrong, but I do not understand of what real use an agreement as to freights would be if it is within your power without the consent of the merchants to alter the rates?—By the compact it was agreed that we might raise rates; but that we could only do so on giving reasonable notice. We gave reasonable notice, and we have not raised them since.

15038. But you might do so?—You must assume then that we would do what is wrong, I suppose.

15039. Do you assert that you could not raise the rates of freight?—We do not raise them, but we shall if we are compelled to do it by circumstances; I can show you that circumstances—dear coal—may now compel us rather to raise than to lower rates. We would do so, consulting with the merchants beforehand. Of course, if it is vital to our interests, we would have to do it without their sanction. We must live.

15040. For instance, you can alter the amount of the rebates, can you not, without their concurrence? —I altered the rebates on the distinct claim of a great meeting—said to be a great representative meeting—voicing the people's views in Africa, who claimed their abolition. I met them half-way by reducing the rebate to 5 per cent. and bringing it back to what it was about 10 or 12 years ago.

15041. You say that you did that, but can you say that you did it with the consent of the merchants?— I did not require to ask their consent, because I took it for granted that inasmuch as the Merchants' Committee here relegated to the people of South Africa to say what they wanted, and as the Commission had sent a Sub-Commission over to learn what the wishes of the people of South Africa were, this being stated at that great meeting, I think it was in Pretoria, I adopted their view—though they do not care for it now.

15042. It has been suggested by some that it would be expedient for each trade to have a representative committee. You say that in London there is one, the South African Committee of Merchants. It has also been suggested that there should be a conciliation board, and that differences between shipowners and shippers should be referred to the members of such a board, on which the shipowners would be represented; do you think that would be advisable?— I think it would be very inadvisable, and quite unworkable and useless. I dealt with that in the memorandum which I had the honour of addressing to you.

15043. You express your views as to that in the second memorandum?—Distinctly. I have nothing to change.

15044. To those views you adhere, I think?—I do absolutely.

15045. In your memorandum you often refer to the report made by Mr. Douglas Owen?—In one part of my memorandum I do.

15046. In fact, you state that "Mr. Owen certainly "justified his selection, as possessing a 'profound "'knowledge' of the subject"?—I think he had an excellent knowledge.

15047. I think it is only right that I should direct your attention for one moment to one or two answers which he gave to us in evidence when he came before us. At Question 10314 Sir John Macdonell says, "May I take it that in all the observations which "are contained in your statement with respect to "the rebate system you have assumed that at certain "intervals the shipper could break away from this "system?"—and he replies, "I think that is so. I "think I had in my mind—I do not know about "certain intervals—but that at any time by giving "proper notice the thing could be terminated." Then he is asked, "May I also take it that if you had "present in your mind the fact that the shipper "cannot break away from that system, without in- "curring the loss of his rebates which are being de- "tained by the shipowner, your opinion would have "been entirely altered?" and he answers, "I will not "say it would have been entirely altered." The next question is, "That it would have been greatly "altered?" and then he says, "It would be a ridi- "culous position." Then Sir John says, "May I "take it from that expression that you think it "would be an objectionable system?" and he replies, "Yes. If it is a necessary part of the system." Then there follow several other questions of the same kind, but I will only trouble you with one more question—10330. "You, as I understand, would be "prepared to advocate legislative action in the event "of a failure to alter the system on the part of the "merchants and shipowners after conferring?" and he replies, "No, not to alter the system. What I "say is that the agreement, as I understand it now, "is an unbusinesslike and improvident one, inas- "much as it contains no stipulation, as I understand, "enabling either party to terminate by six months' "notice, without in the case of the traders sacrificing

"six months' rebate. That is a ridiculous position." You to not agree with that view, do you?—To some extent.

15048. Could you help us at all in making some suggestion?—The position is simply this: The merchants have an agreement under the compact made between the shipowners and a certain body called the London South African Merchants' Committee, who number some 25 or thereabouts. There are not a great number of subscribers, but there is a certain number; I do not know how many there are, and we do not know who they are. The shipowners do not know a single name; they have never received a single letter or message from any merchant to say that he will take advantage of the compact; we know who are shipping, but we do not know whether they will continue to ship; we know nothing whatever about it until the merchant comes into our office or into the other offices and says, "I claim my rebate, for I have "shipped for so many months," and then we pay him the commission. That is the whole position. Now Mr. Owen spoke of the ridiculous position. It is somewhat ridiculous that we have nobody with whom we are in agreement, but we are bound, and we carry out our part, while they only carry it out if it suits them, by shipping if they like, or by not shipping. Very well; then the position is simply this—that it would avoid being ridiculous if the merchants individually made a contract and a promise to give certain notice to be arranged, to withdraw. Then it would be a business arrangement; it is not just now a business arrangement, but we are bound, and we carry out our promise under what is termed the agreement.

15049. You are not prepared to make any suggestion as to the means of enabling the shipper, by giving notice, to free himself from what are called the fetters by which he is now bound?—I do not consider they are fetters, and I do not admit it. He can free himself by giving notice. I think you will find that I make a suggestion in page 11 of my paper as to the merchants agreeing to come in and give notice, and fixing what the notice shall be. I say these words in the last paragraph of page 11, "It is "quite possible, I think, to arrive at some arrange- "ment with the Merchants' Committee not only with "respect to the mode of arbitration about rebates, "but also as to the stringency"—this is what you refer to, sir—"said to be connected with the con- "ditions of the Commission (Rebate) Circular as well "as to the settlement of the classification of cargo "and of reasonable notice of any alteration in the "rates of freight." That I am prepared to assist in carrying out. It is for the Merchants' Committee to deal with it if they think proper.

15050. In your opinion it is not a proper subject for legislation?—I think it would be quite useless, and I think very mischievous, and not effective in the least.

15051. Do not think I am indicating or expressing any opinion now; I only want to get any help I can from you?—Quite so.

15052. Supposing a merchant charters a steamer for the carriage of his own goods only, do you consider that he would forfeit his rebates then?—I do not think so.

15053. You think he is at liberty to charter?—He is at liberty, but in a general way it is not likely he would do it.

15054. It is not very likely to occur?—I do not think so.

15055. You do not think he would forfeit his rebates?—I do not think he would. I do not think he should, myself.

15056. Does what is popularly called "disloyalty" in the matter of shipments homewards invalidate claims for rebates on outward shipments?—No.

15057. I do not wish to trouble you with any more questions; you will be coming back again in the summer, will you not?—I hope so.

15058. And I dare say if anything else should occur to us you would kindly come here again if necessary?—I should be delighted to be of any service to the Commission.

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15059. (*Sir Alfred Bateman.*) I do not think I need trouble you about your memorandum at all, but I should like to ask you one or two questions upon the summary of evidence which we took in South Africa. Have you seen that document?—I have. I think I have referred to it in my memorandum.

15060. There seem to be one or two special points that you do not deal with so fully as we might have expected?—I thought my paper was pretty full.

15061. You say in your memorandum there were a great many witnesses who gave evidence in favour of the present state of things out there?—So I read.

15062. But there were certain questions on which we had a good deal of criticism of your practice?—Yes.

15063. Not so much as regards the export trade, although there were two or three things in the export trade, and I do not know that you refer to them in your memorandum. We are told that you did not assist small sample lots of new fruit produce?—It is not true.

15064. That is not true?—It is not true. We assisted very materially, and to our heavy loss by putting refrigerating apparatus into our mail boats and expecting shipments, particularly small shipments. There were no shipments came, or very few, and what did come sold at low prices through bad packing, and the exporters thought themselves entitled to come and ask us not only to spend money upon building refrigerating apparatus, but to return them the freight or half of it because they had lost money by their shipments.

15065. As regards the new staple articles of produce, such as mealies, you have recently made a very important reduction, have you not?—What we did was this: To assist the agricultural development of Natal and on the pressure and earnest appeal of Mr. Moor, the Prime Minister of Natal, who assured us that mealies could be exported if the railways would bring the mealies down at a low rate of carriage and if the steamers could reduce a little, at any rate for a time, I said we would do all we could to help it, and so we fixed a ruinous rate—for ourselves—but one which would develop the trade. We assisted that by ourselves encouraging the people to ship the goods who would not have bought them otherwise in this country. This mealie production was so stimulated in South Africa that we offered the same to the Transvaal and the same to Cape Colony as to Natal, with the result that an enormous amount has been shipped in the last few months—at least during the season, for it is a season trade. I call your attention to the simple fact that the burden of carrying these mealies home was thrown upon the mail companies, for only one or two of the other lines come home, and they could not take very much. We had in several cases to shut out a fine paying freight of wool and let it go by other ships, as we had to carry these mealies in order to fulfil our contract. It has been a bad business for us; but that is not the question. I was delighted to do it. We are carrying it on; we are extending it still further, and for a reasonable time we will continue to do so; but the day is coming when the rate will have to be raised. It is impossible to carry mealies by any steamship company 6,000 miles for 10*s.* a ton.

15066. Not even in large parcels?—The larger the worse.

15067. The larger the worse?—Yes—for this reason, that you have not got a market in Southampton for the mail boat to deliver it, and you have not got the market in England at present. So far they are largely going to the Continent, but how is the mail boat to go to the Continent? How is our steamer, whether mail or intermediate, to go to the Continent and out of a net revenue from mealies of somewhere about 6*s.* a ton to pay for all the voyage and then the journey to the Continent and back? The thing is simply ruinous. But we did it for a purpose. We have carried out and succeeded in fulfilling the purpose, and for a certain time that rate may exist; but it cannot continue always. I suppose you know that the rate from Argentina, for instance, is about

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18*s.* and 20*s.* But here is a new industry, and we are helping to create it; that is my point.

15068. So it is part of the policy of assisting the Colony?—Assisting Natal, and not merely Natal, for we immediately offered it to the Cape.

15069. Did you offer it or did they demand it?—I told Dr. Jameson, and he said he would be glad to have it for the Cape. We told the Transvaal, and General Botha thanked us for it. It was not due to pressure upon us.

15070. You comment, rightly, in your memorandum on the difference of attitude we found in Natal, compared with that in the Cape as regards their treatment by your company?—Naturally, because the centre of the agitation got up by a few people, Mr. Jagger and others, was in Cape Town.

15071. You had recently done something for Natal, something rather important, had you not?—In what respect?

15072. Had you not reduced the rates to Durban?—On July 1, as is well known, we issued a circular making the differentiation of rates between the eastern ports and the Cape ports which was claimed by that meeting at Pretoria, which decided by a majority of 18 to 6, I think, that there should be this differentiation. Dr. Jameson, at the interview at the office of the Agent-General for Natal, asked Mr. Moor to agree to a geographical basis for the differentiation. I accepted, so did Mr. Moor, and we have only carried it out. But inasmuch as there was a difference between the rates to Cape Town and Natal of 10*s.*, which was unfair, Natal being a coaling port, we said, "Either we must raise the rates "for Cape Town and Algoa Bay to a level of "2*s.* 6*d.* higher or 5*s.* higher, or we must bring down "the other." So we made it a difference of 5*s.* instead of 10*s.*—as between 7*s.* 6*d.* Natal and 2*s.* 6*d.* extra for Delagoa Bay; and we made a difference in favour of East London as well.

15073. But you knew you were interfering with the railway *modus vivendi*?—I was carrying out the express wishes of a specially constituted meeting of representative people in South Africa.

15074. Was that a meeting of the Governments or in what way was it representative?—My answer is this: I had asked Dr. Jameson to arrange with us months before as to the port charges in all the coast ports, five ports, and as to the five sets of railways which run to Johannesburg, for that if they would arrange these port charges fairly amongst themselves, and their railway rates fairly amongst themselves in any way they pleased, we would fix our ocean freights accordingly. He did not do it. He met me in London for that purpose, and Mr. Moor, Premier of Natal, and asked us to agree to a geographical basis. I immediately agreed to it, and so did Mr. Moor, and the shipowners carried it out when I saw the meeting in Pretoria called for it.

15075. What meeting was that—it was not a meeting of the Governments, was it?—We had nothing to do with the Governments; it was a meeting of the merchants.

15076. But you speak of Mr. Moor and Dr. Jameson, who represented the Governments?—And who had agreed to the differentiation principle, I say.

15077. Immediately after that a meeting was called at Bloemfontein which dealt with the *modus vivendi*?—Simply because of our circular of July 1. They did that to protect the railways and to punish us.

15078. Perhaps I need not go further into that, but you recognise that we found that that action of yours had had a good deal of effect on the Colonies other than Natal in determining their attitude towards your company?—Naturally; it was only to be expected. If I had reduced the freight they would have been better satisfied.

15079. But you raised the freight to the other Colonies by reducing the rebate?—I hold that the Commission has nothing whatever to do with the rate of freight.

15080. It is part of the rate of freight, surely, whether it is called primage or whether it is called part of the rate of freight?—It is not primage.

15081. Then it is part of the rate of freight; it is something that you give back to the shipper?—It is a thing that we give as a commission for services which they render in shipping by us. That is all.

15082. It is a question of words?—It may be so, but they do not get it unless they ship. We offer it to them. That is the whole position. My ground is very clear upon that point.

15083. Another grievance we found was with reference to classification. Why do you not publish classifications?—I have dealt with that in my memorandum quite clearly.

15084. I do not think it is clear, because you say you have made a good many alterations in so many years; when you say "alterations," what do you mean?—I do not at all object to publish a classification. I have nothing to hide, and I never did object.

15085. Cannot you do it?—Certainly. We have never objected. But let us know what that classification is to be, and that must be settled with the Merchants' Committee, or we must settle it ourselves; I am quite prepared to settle it ourselves.

15086. Is it not an advantage to anybody who is going to ship by your boats that they can see a published classification, and know that they are not paying more than anybody else?—There is not a shipper in the whole trade but knows every thing about the classification. They know it just as well as I do. They see it, and they can see it at any moment they like. We do not hide it from them, but there is no use sowing broadcast over the world a list of classifications to induce people, saying, "Is this a "good rate? Perhaps we will put on a steamer."

15087. The Germans publish their classifications, do they not?—Yes, they do. I do not think we should object, and I have said so in my paper.

15088. You do not think you would object?—I do not see any reason why we should if it is any pleasure to the merchants to get it. There is nothing in it.

15089. Now, as to the heavy lifts question; you seem to think that those increased rates are fair, but cannot you deal with heavy lifts a good deal easier to-day than you could years ago?—Most assuredly; but then do not forget that there are lifts and lifts. In Delagoa Bay, for example, about which the Agent-General has been personally to us in the last few days in order to have the heavy lift rates reduced, I have told him, "You cannot with the means in "Delagoa Bay give us the facilities we have in Natal, "and why should you have the same rates there?" It is a question of lifts and lifts. I have stood in Port Elizabeth on the deck of a steamer and seen a very heavy casting landed with great danger to the ship—perhaps it might have gone through the bottom of the ship, as it weighed 15 to 20 tons. There are some pieces 40 feet long, and if we knock a little corner off the casting we have to pay for the whole.

15090. Still, you recognise that of late years these things are much more easily dealt with?—Our ships, and other people's ships, are better fitted for them. At Cape Town, and particularly at Natal, they have given greater facilities than ever they did before, and that makes the change and the difference. But there is no reason to-day why the lift rates should be made low simply because people ask for it.

15091. Then as regards the South African Merchants' Committee, we comment, I think, more than once on the evidence that was given to us that out there they do not consider the South African Merchants' Committee as representative of their interests?—That I have dealt with also.

15092. How could you remedy that?—My answer is that it is hardly a thing for me to remedy, or for the shipowners to remedy. It is a thing for the merchants to remedy, and if the merchants do not appoint proper committees, why should they blame the shipowners?

15093. Why should you deal with people over here in London sooner than deal with people over there, if the London Committee do not represent the South African people?—But they do represent the people there, for the Chambers of Commerce who were invited by the Merchants' Committee to appoint

delegates upon the Committee and to subscribe did so, and they are represented. But when they ask us to have an examination and settlement of affairs between a committee in South Africa and ourselves as shipowners we say, "No." We are not going to South Africa away from headquarters to deal with great questions. They are not entitled to it. The merchants here are the principal merchants, and provide largely the funds.

15094. So you are content to let the London Committee be the body that represents the interests of the export trade with South Africa?—I am not content either. I am quite willing to have a complete change, and they may appoint any committee they please, and the more effective and the more sensible it is the better.

15095. But, as you say in your memorandum, you object to anything like a board of control of your business?—Most assuredly. Why not have a board of control over the steelmakers, or over the shopkeepers, or anybody else? Why single out shipowners? Is that to the advantage of the mercantile marine of this country?

15096. Now about the conference that you and I sat together on some years ago in London?—I remember it well.

15097. Would it not have been better there if you had made your last offers at the conference itself?—What was the last offer?

15098. Certainly there was one, if not two; you offered to lower several of your rates after the conference had finished its sittings?—No. I will tell you what did take place; I think you will recollect it.

15099. Surely it is in the correspondence?—Then I need not answer it, but I am prepared to answer it. My answer is this: the conference asked us to make an exorbitant reduction, and I refused.

15100. What you considered was a very exorbitant reduction?—Yes, and we refused. We ended in somewhere about a shilling, say, or one-and-six. Then Dr. Jameson, not being pleased, said—I am sure I am correct, and it must be in your recollection too, for he told you all in your own meetings—that he must try himself after the conference had separated. He and Mr. Garland Soper and Mr. Maydon, for Natal, called upon me the day before Dr. Jameson left for the Cape, and we arranged a very slight difference in rates.

15101. You made certain differences?—A very slight difference, which left it just about the same. He said he would try to get it carried out when he went out. When he got out certain people in South Africa were not satisfied, and so it ended.

15102. As regards the other proposals, apart from rates, of course you did not like the very large reductions proposed?—The thing was utterly absurd.

15103. But in other ways did you approve of the proposals which would have made the Governments contracting parties with you?—I do not understand that question.

15104. Did you approve of the proposals made at that London conference by the Governments of the various States?—What did they propose? I do not remember that they proposed anything.

15105. There was a draft proposal which you refer to in your memorandum?—They made a proposal for penal legislation and a great many things.

15106. Those were draft Bills of which there were three. You say on page 7 of your memorandum, "The conditions put forward before the Colonial Con- "ference and since to the Royal Commission on "behalf of the Merchants' Committee were," so-and-so; but they were adopted by the Governments at that time, and this was a conference between the Governments?—It is on record whatever they may have done. I have no doubt we did not agree with them; I do not see any reason why we should.

15107. Were you in favour of an agreement on those lines—I do not mean as regards the rates, but I mean an agreement between yourselves and the Governments?—For Government stores; that is the only thing.

15108. No. The Governments really were making the bargain for everybody; the Governments were giving up their preferential treatment entitling them to rates lower than the merchants' rates, on the condition that you reduced the merchants' rates?—We showed that we could not reduce the merchants' rates for the small advantage the Governments were disposed to offer for their shipments, and the thing fell to the ground.

15109. You would not reduce the merchants' rates to what was wanted?—Exactly; therefore my answer to your question is that we were not able to agree to the proposal of the Governments, if that is what you mean.

15110. As far as my recollection goes, you did not object to the form in which the agreement was to be drawn up?—I do not care for form. If the Governments put forward an agreement whether in black or other ink, if it is a good agreement, I am willing to sign it, but I do not sign one simply because it is a Government one

15111. You remember that at the time you were anxious always for Natal—that Natal should be better treated?—I was not anxious for Natal, but Natal was anxious to be properly treated. The representative of Natal came to me, as the representative of Portugal did, and I was assured that they would neither of them go in for penal legislation if properly treated. I thought it was only fair that Natal should have better treatment, and therefore on the 1st July last we carried that out by differential rates.

15112. You raised in a small degree the rates to Cape Town on account of certain alterations in the harbour dues?—Yes.

15113. That, of course, was complained of to us?—Naturally. If it had been a reduction they would not have complained. We felt entitled to do so by reason of the harbour people having changed their regulations to impose a higher tax upon us to pay for their administration, or mal-administration, and we resisted it. That is all.

15114. That was especially your company, was it not?—No. Another company—I could name it if you like—was strongly in favour of the action that the steamers took, but they did not like the mail companies getting what they thought was an advantage—but I will not go into that matter. Their idea was that our mail boats had an advantage by reason of the rapidity with which they were able to get out of the port, while they, with heavy cargoes, had to remain a long time there discharging.

15115. The German Lines objected to your action, did they not?—They did not.

15116. I only quote from the evidence before us; that is why I ask you?—I will tell you: Mr. Spilhaus, before you, said so, but the representatives and managers of the company here told me that they were fully in accord and agreed.

15117. Then that is the direct negative to Question 7300?—He may have had private instructions to hold on to it as much as possible and put us in a dilemma before the public, but as far as the German East African Line is concerned they fell in with the arrangement and were parties to it.

15118. (*Sir David Barbour.*) How many members are there of the South African Conference or Ring?—I object to the term "Ring." We are not a Ring.

15119. I do not use it in an invidious sense?—It has been used pretty largely, and invariably in an offensive sense, and I object to it.

15120. We will call it a Conference, if you do not object to that?—We are a Conference, and we are nothing but a Conference.

15121. How many members are there?—I think there are seven or eight lines.

15122. Is there a written agreement among them?—No, except for sailings and rates of freight.

15123. There is no written agreement?—There is an agreement about keeping equal rates of freight, and so on.

15124. Is that recorded anywhere?—No.

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15125. It is not in correspondence?—We would not publish it.

15126. You could not produce it?—No.

15127. It does not exist, in fact, in writing?—It does exist, but I say it cannot be produced.

15128. Does it exist in writing?—I do not think it would be reasonable I should be asked to produce it with so many watching round us.

15129. I only ask if you are willing to produce it. Do the members of the Conference meet often to discuss matters?—They have no regular meetings except minor Conference meetings, where questions between shippers and the different lines occur, and then the minor Conference members—the experts or head clerks, or gentlemen connected with the business——

15130. Is any member of the Conference at liberty to send as many steamers to South Africa as he likes, and at any time he likes?—There is no limit so far as I know. The Clan Line, the Ellerman Line, and the Harrison Line in Liverpool and Glasgow send as many as they please.

15131. Do the members of the Conference ever discuss among themselves how many they shall send, and at what times?—They never settle among themselves, for they cannot.

15132. They do not?—They have no power to do so. Each Line is independent. It is not a Ring in any sense at all.

15133. Are special terms of freight ever given to particular persons or firms?—Never.

15134. They are given to muncipalities occasionally, are they not?—They are not given to municipalities, but the municipalities, having shipments of rails or water-pipes or shipments which they want to make contracts for, ask us to make a rate, and if it does not suit them, they put it up to public tender. We asked at the Conference, as Sir Alfred Bateman will remember, if we were to deal in a different way by not tendering for these, whether the Government of the Cape and the Governments of other parts of South Africa would stipulate that these municipalities, who are largely helped financially by the Governments, should not put these shipments up to tender, but that they should make contracts for them or pay the rates which merchants pay.

15135. Supposing that a steam line, not belonging to the Conference, sent ships to South Africa and charged lower freights than you are charging at present, what action would the Conference take?—For my part, I would oppose them, and I should think all the rest would do the same.

15136. What would you do?—Oppose them.

15137. By lowering your rates to meet the competition?—I do not say how we would do it, but we would do it. That is generally what we have done, at least.

15138. Under the Conference system, you undertook, although I believe you are not legally bound to do so, to supply sufficient tonnage for all the freight that offers, roughly speaking?—To supply the trade, and we do much more than adequately supply the trade.

15139. At times, the trade is much larger than at others?—There are times when it is prosperous. A few years ago it was; it is not so now.

15140. Immediately after the war, I suppose, it was prosperous for a year or two?—More than during the war.

15141. And for a short time afterwards?—For a short time afterwards, and then there was a collapse.

15142. When the trade becomes slack, the Conference Lines will have more steamers on than are required?—Unfortunately so.

15143. What do you do with these steamers in that case? Do you lay them up, or do you transfer them to other trades, or do you simply run them at a loss?—The Union-Castle Company had 11, I think, idle in a row in Southampton Water for some months.

15144. Do you ever transfer them to any trade in any other part of the world?—No, very seldom.

15145. The other Lines do, I think?—Some Lines do.

15146. You say that the Conference Lines have no agreement with the foreign Lines?—The Conference Lines have nothing to do with the foreign Lines.

15147. Do these foreign Lines take goods from England to South Africa?—No, I do not think they do, except by transhipment.

15148. Is that in consequence of an agreement, or is it simply an accident?—They would probably like to call at English ports, but it was part of the arrangement made with them that they should not call; and we would object to their calling.

15149. You would object to it?—Yes.

15150. So that there is something of a nature of an understanding that if they try to call at English ports, it would not be to their advantage?—I said in answer to the Chairman that we had an agreement—and it is in the memorandum—with the German Lines, which terminated last year.

15151. They do not call at present at the English ports?—No, I do not know what they will do.

15152. You mentioned the recent reduction of the rebate which you made; but the freights remain the same?—The commission we allow as a gift.

15153. It is a gift, you say?—It is a gift for the support of the merchants. They do not get it unless they support. That is the whole story.

15154. The result of the reduction was, that the net charge to the merchants was 5 per cent. higher than it was before?—The natural result was, that they did not make anything by it. They asked for it, and they got it.

15155. It looks, to some extent, as if they asked for bread and were given a stone?—If we were to decide to-morrow that it would be quite possible to give them again that 5 per cent., we would not give it. I propose to keep that money in reserve in the balance sheet of the company, to be ready for all emergencies—for any opposition that may take place.

15156. (*Mr. Birchenough.*) Arising out of the last question, you reduced the rebate from 10 per cent. to 5 per cent.?—We reduced it by 5 per cent.

15157. You did that to meet the express wishes of the objectors to the rebate, did you not?—Partly to meet their wishes, and partly to meet our own.

15158. You would say, that if you thought fit, you could remove the remaining 5 per cent?—Naturally; or we might give some additional money to them as a present.

15159. Do you consider that the reduction of the rebate from 10 per cent. to 5 per cent. has lessened your hold on your customers?—I do not know; we have got the money, and it will appear in our balance sheet, and I think it will be a very good help to protect us. I had thought that the 10 per cent. given, instead of the 5, would keep the merchants friendly to us and working with us; but perhaps the 5 per cent. will do it. If driven to it, perhaps we may make it 20 per cent. some day—I do not know.

15160. I have always understood, and it has always been suggested, that this commission was given in order to hold your customers to you, to secure them?—Certainly. It is a *quid pro quo* for their service to us.

15161. I accept your contention for the sake of argument, but it is obvious, I think, at any rate I ask you, if it is not clear that the reduction from 10 per cent. to 5 per cent. does, *pro tanto*, reduce your hold upon them?—It is for them to judge. It does not look like an extra encouragement to them.

15162. I go further and ask you: Do you think any such hold is necessary?—We think so. It may not be necessary, but I think it is advisable. We are not going to change it at present.

15163. Do you think that 5 per cent. would give you a sufficient hold upon them?—I do not know that it does, but it is all that we are going to allow just now.

15164. I suppose you would admit that the effect of reducing the rebate from 10 per cent. to 5 per cent. has been practically to increase freights by 5 per cent.?—It is 5 per cent. less that the merchant, whoever he may be, can keep for himself; whether he gives it to his customer or not I do not know, but it is 5 per cent. less, and to that extent

it is a disadvantage to him. They all asked for an alteration of rebate, and they have got it.

15165. They asked for the entire abolition of it, did they not?—Well, we met them half-way, and I think that was very good—extremely kind, I thought at the time. We got no thanks for it anyway.

15166. I am afraid not. Do you consider that the fact that you make these changes without consultation with your customers in South Africa is answerable for the agitation and state of irritation in South Africa?—That it is likely to encourage them, or what?

15167. That it encourages a certain state of irritation?—I do not suppose they like it, but do remember the circumstances under which, on the 1st July last, we acted, and the abnegation on the part of the Merchants' Committee to act at all or to meet us after being asked twice to meet us within a year. We were left to act for ourselves, and we did it, and we will have to do so again in case of need.

15168. At the end of page 11 of your statement, you make an offer which I think is a satisfactory offer. You say, "It is quite possible, I think, to "arrive at some arrangement with the Merchants' "Committee"; and then you give the three points which were discussed at the Conference of 1905, namely, the mode of arbitration with regard to rebates, the stringency of the conditions, and the settlement of the classification?—I thought that comprehended all the questions that were asked, and I have offered to assist in carrying it out.

15169. You will be prepared to renew that offer to any authorised body, I presume?—We will only offer it to the merchants.

15170. You will only offer it to the merchants?—I tell the Royal Commission here—and in that letter it is quite plain; I wrote it deliberately, I have not shown it to the shipowners, at any rate, I have not asked their opinion upon it—I think that is what ought to be done, and I will help to carry it out, if the Merchants' Committee, or whoever may be the Merchants' Committee hereafter, are willing to meet and deal with it.

15171. Supposing that some body more satisfactory to the Governments and importers in South Africa were formed, would you renew that offer to them?—I do not think we will arrange, as far as I can see, or can arrange, to accept any dictation from any committee or any body outside of the merchants with whom we deal. It is not likely we are going to put our business, with all the immense capital we have in it—our Company have between three and four millions sterling (I have invested in the company very largely myself)—at the orders or dictation of any body, and I do not see why we should.

15172. I did not suggest dictation. I simply asked you whether you are prepared to renew an offer to any other body than the Merchants' Committee, assuming such a body was satisfactory?—The paper carries with itself conviction to anyone that that is my disposition, personally, and no doubt the other shipowners would agree to it. We can deal with a body of merchants, whoever they may be, who come to us when the time arrives.

15173. That satisfies me; but I should like to ask you this other question: I see in the evidence taken by the Sub-Commission in South Africa, on page 12, that on the 23rd May you wrote a letter in which you said that the Conference claimed the right to grant lower rates for contract cargo in large quantities. That is your position, is it not?—That is so. I hold that under the compact, which I think I may say I drew up and arranged with the Merchants' Committee after three months' negotiation, we kept entirely out of berth cargo, contract cargo. The Merchants' Committee have no reason to complain of us in respect of municipality cargo or Government stores, &c.

15174. Do you consider it a fair contention on the part of the South African importers——?—Importers?

15175. South African merchants, we will say, or the people in South Africa—your customers in South Africa. Do you consider it a fair contention on their part that small quantities of freight should be treated on the same terms as large quantities of freight?—I hold that the small shipper should get the same fair treatment as the large shipper.

15176. But not necessarily the same treatment?—I have had a merchant come into my office and ask me to give him, for supporting us entirely, a greater advantage in commission or rebate than anybody else; and I have refused. We treat everybody alike. That is the advantage of our commission system, that the small shipper and the large shipper have the same advantages. We do not treat the big shipper differently from the small one. It is not to our interest to support only the large shippers.

15177. I should like to press you a little further. I am dealing with the question, really, of preferential rates, and I want your opinion; I am not examining you in an unfriendly spirit at all?—What do you mean by preferential rates?

15178. Do the Conference Lines maintain that they are at liberty to quote a different price for very large shipments made at one time from the price quoted for small shipments?—To municipalities, yes, if they put their shipments up to public tender; and even to the great mining companies, I should say so, if they will agree to give us 50,000 or 80,000 tons of cargo. Why not? Is it not natural and commonsense that we should be able to do so, seeing that they would put it up to tender and make a contract with people who would put on opposition? Is that our interest? Is that fair?

15179. (*Chairman.*) The time during which we should be justified in detaining you is drawing near, and we must not detain you very much longer?—Do not let me hurry you—I wish I could stay half-a-dozen hours, as far as I am concerned.

15180. (*Mr. Owen Philipps.*) Is it not the case that practically all shippers of merchant cargo, both large and small, approve of the rebate system?—Except certain persons who are of an agitating turn of mind. The general body absolutely prefer the rebate system, and I could not do them a greater injury than to do away altogether with it at the present moment. We may have to do it—or to increase it; I do not know. The merchants will tell you privately that they wish you to leave it alone.

15181. Is it the case, that if you gave special rates to the large merchants, it would practically result in the small merchants being thrown out of the trade?—That is the natural result. I can give you an instance in the Constantinople trade, 40 years ago or 50 years ago, when I was with the Cunard Company. Two great shippers got into their hands the whole of the shipments, I may say, and it ended in one of them putting on another line of steamers, and the other coming to say he would support the Cunard against them. But a year or two afterwards he did the same, and so the Cunard Company had to find shippers. In a general way, shippers do not want either the rebate system altered or to have the big shipper dominate. We have very many shippers, and the more we have the better, in my humble judgment. They would only dictate to us, and try to get their own way. I have had one of the principal shippers with me arguing that the little shipper should get no help at all, but that he, being a very big shipper, should have 10 per cent. on all his cargo—I could tell you the quantity he ships in a year—that it might be that if another man shipped 10,000 tons less he might get 2½ per cent., but nothing was to be given to anybody who shipped less than 5,000 tons of freight, and so on. We said, "No, thank you; we will treat all shippers alike." That is the advantage and the fairness, I think of our commission system.

15182. (*Sir John Macdonell.*) I do not want to put any questions to you if you would wish me not to do so now?—I am very much obliged to you. I shall be quite pleased to answer you if I can. We have plenty of time.

15183. Tell me when to stop?—Please go on; this is very interesting.

15184. I gather from your statement that you think that the service, the facilities and the rates in the South African trade are exactly what they ought to be?—I think the service is far too good for the trade, and that the facilities are too ample.

15185. And the rates?—And that the remuneration is not sufficient.

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15186. That being so, everything being as it ought to be, could you account to me for the discontent and the dissatisfaction of a large part of the mercantile community in South Africa?—I can. Human nature is a very curious thing; and if you will judge by that standard, there are some very peculiar people in South Africa; they want all they can get. Why should they not?

15187. Treating the subject a little more seriously, have you no more satisfactory explanation to offer of the discontent of the importers?—There is no justification for the discontent—not the slightest.

15188. In order to give a satisfactory answer to my question, kindly allow me to finish it, please. Referring to the importers in South Africa, their representatives who appeared before the Sub-Commission said they were dissatisfied?—In what respect?

15189. The question I put to you is, what explanation have you to give of the dissatisfaction in South Africa on the part of the importers?—I have none, except that it was inconsistent and unreasonable.

15190. Wholly inconsistent? When the Chamber of Commerce, the Chamber of Mines, and the Chamber of Trade, and other public bodies at Johannesburg, for example, express discontent, do you say that their dissatisfaction is entirely unreasonable?—I think it was unreasonable. I have said so, and I think I have demonstrated that.

15191. I am not sure that I gathered clearly from your answers to the Chairman what your position is in regard to the compact. You admit that it is not a contract in the ordinary sense?—I am told it is not a legal contract; but it is just as binding upon us in this sense—that we never break away from it, and we do not wish to do so.

15192. If it is just as binding, do you see any objection to its being put into the form of a legal contract?—On the contrary, I should be quite pleased to make a bargain with the merchants which shall be binding on them as well as on us. At present it is not binding on them.

15193. I only want to get exactly your view, as no doubt you have a considered view on this matter. May I take it, that as far as you are concerned, you are perfectly prepared to substitute for the compact a written, binding, legal agreement, provided the other parties are also bound thereby?—Certainly; but those merchants who do make it, if they do so as a committee, must be prepared to give us the names of the merchants who are parties to it and who are to be bound.

15194. I am not asking you to say what the form of that contract is to be; but may I take it that you are quite ready to substitute for the informal compact a formal contract, provided both parties are bound by it?—I have no objection to the most formal character of the contract.

15195. There are one or two points I should like to know, one being this: Do you claim on behalf of the Union-Castle Line to raise the rates to any South African ports without consulting in any way the merchants?—We have never done so, and have never proposed to do so.

15196. I am not asking you what you have done?—We have never proposed to do so.

15197. And I am not asking what you proposed to do. I am asking whether you claim a right, and an unfettered right, to raise the rates without consulting the merchants?—I simply claim that we call together the merchants to inform them if we require any increase of freight or any reduction of freight; but we must judge whether we can live upon the rates that then may be existing.

15198. I do not want to abridge your answers needlessly, but may I have an answer to the question—Do you claim the right to raise the rates?—I hold that as steamship owners we are entitled to have the rates that will pay us, or we should not run our steamers. That is what I claim.

15199. Now I come to a specific point: Taking the ports along the coast of South Africa, do you claim the right to raise the rates, say, to East London, or Port Elizabeth, or Durban, in any way you please?—No, and I have never said so.

15200. That is not my point, but, perhaps, that is due to my way of putting the question?—We have never claimed that, and I do not claim it. It would be absurd. We would have to consider the position of each port and its rights, and the Colony's rights, what other shipowners wanted, and what the merchants desire. We would never do so—absolutely.

15201. But in the last resort, who is to determine whether the rates should be raised?—The shipowner, surely, must in the last resort have the decision in his own hands, and entirely in his own hands, whether he will run his steamers or not. If we did not get adequate rates, we would not run the steamers.

15202. May I take it that you claim the right to control the freights in such a manner that no goods, for example, should go into the Transvaal by way, shall we say, of Cape Town, but that they should all go by Durban, or that they should all go by Delagoa Bay?—No, I am not so unreasonable as to claim anything of the sort. I claim simply a reasonable and just right to protect our interests, and to deal fairly with the merchants.

15203. May I take it, that in your view what is reasonable and what is just and right shall be determined by you, and by you only?—We must be the judges as to whether it is worth our while to run steamers or not.

15204. I will just call your attention to your interesting memorandum. In the last paragraph (at the bottom of page 11 and the top of page 12) you state your readiness to meet the merchants in frank and friendly co-operation?—I say, that is the basis on which we should act.

15205. You will agree, Sir Donald, that these words do not in themselves mean very much?—I mean them. I do not know what other people do.

15206. May I ask you in what sense you mean them? What co-operation do you propose?—I mean the co-operation should be friendly—that it should be co-operation, and that we should work together, if they will do so.

15207. Could you give me something a little more definite? Have you in your mind any form of co-operation, or any machinery by which this could be carried out?—Simply the exchange of opinions and views between the merchants and the shipowners, they claiming something to their interest and we protecting ourselves, and coming to some arrangement. I do not know any other way of co-operation.

15208. I only want to see whether you have formed any definite scheme. Have you in your mind any joint committee, or any conference, in one sense of the term, by which this principle is to be carried out?—Surely the merchants in protecting their interests can call together and appoint a committee, and surely that committee can meet the shipowners, who can appoint another committee. That is all I can do, and that is all I can suggest. If they will not appoint a committee, or if it is not a popular committee, and if South African opinion is against the committee, it is for the merchants to settle with their constituents who the committee should be—it is not for the shipowners to do so.

15209. May I take it you are now prepared to publish, on behalf of your company, a classification?—I have said that I have no objection to publish a classification, but it would be very advisable to have the classification settled before we do so. The shipowners have offered to meet the merchants in order to do so, and it is my wish to meet the merchants.

15210. May I ask whether there have not been certain requests made from time to time to your company to furnish such a classification?—I do not think so, or if at all, it has been very seldom. I do not remember a case; I certainly never heard of one myself. It is one of the things that have been said, like the hundred thousand other things, to draw public attention to the iniquity of shipowners; but it means really nothing.

15211. In your view at the present time is there more tonnage than is absolutely necessary for the trade of South Africa?—I do not say so. There is a very large amount of tonnage, but we cannot well withdraw the steamers. I cannot withdraw the mail steamers; they are bound to go.

15212. Putting the mail steamers aside, a considerable number of your steamers return home not full, I think?—Certainly—they scarcely ever return full.

15213. And a large number of them return with a very small cargo?—Sometimes with scarcely anything. But where are they to go?

15214. May I take it that that being the case, there is too much tonnage in the trade?—I do not know that there is. If we could get the merchants to agree to accept half the tonnage and could lay the other half by, or employ it elsewhere, we would save a lot of money. But you cannot get that done. In the first place, as I say, the merchants' cry would be, "Here is a monopoly."

15215. That may or may not be; but if the tonnage were reduced considerably, would it not be competent for you to reduce your rates?—No. That was the argument of Mr. Martin, in Johannesburg, and my answer to that has been put in evidence before you.

15216. Would you mind explaining in a word or two what is the fallacy of that argument?—The fallacy of the argument is this, that we do not know when busy times may come, and if our tonnage were to be reduced considerably we would not have the steamers there, and somebody else would put on the steamers. We must just run in bad times as in good; that is the unfortunate part of the business.

15217. Is it not the case that throughout the year a large proportion of your ships, at all events, return home not full?—They never have been full coming home, except once or twice in the season—that is the worst of it, and that is the disadvantage of the Cape trade. That is the necessity for a higher rate outwards than you suppose necessary—because we have nothing to come home with. The other lines do not come home, because it will not pay them.

15218. Is it your view that the tonnage at the present time is no more than is absolutely necessary?—I have not said so. At the present time it would be for our interest much better if the tonnage were less; but the risk to us, in withdrawing ships, of other people coming on, or of merchants complaining that we did not give them the facilities they were accustomed to, would be so great that we had better leave well alone, in my judgment. The Liverpool Lines, or the Glasgow Lines, or the other Lines, are quite welcome to withdraw if they can, and I have reduced our ships, or our sailings, by one-fifth of our extra steamers already, as stated in my memorandum.

15219. Do you believe that if the, I will not say rebate, but the commission system, to use your expression, were abolished, there would be any alteration in the regularity of your service?—I do not know that there would, as far as we are concerned; I do not know what it would be with the others. It might provoke opposition, and then we would have trouble, and the merchants would not be pleased.

15220. But so far as you can judge, do you think that, so far as your services are concerned, the regularity of the sailings would be appreciably affected by the abolition of the commission or rebate system?—It all depends whether opposition is brought on by anybody. We might not find it worth while to run a steamer, and we might have to face the responsibility of taking it off.

15221. Then you cannot give me a very precise answer to that question?—Your question is whether it is desirable and proper that we should——

15222. The question is not whether it is desirable, but whether, in point of fact, the regularity of sailings would be continued or not?—I do not think the regularity and sufficiency of the sailings would be continued to the satisfaction of the merchants if we did modify this, although they ask for it now. It would have no effect upon the rates.

15223. Just a question or two about some matters that were spoken of at great length in South Africa, one being the payment for heavy lifts. I do not know whether you have had your attention called to the evidence respecting the charges for heavy coils of wire rope?—Yes.

15224. Was you attention directed to the large difference between the prices paid by the Conference Lines, and the charges for similar services made by certain other Lines from Glasgow to the East?—I do not know of any difference between the rates from Glasgow and from London. I would be glad to hear them. I have read the whole of the evidence, but I would like to hear it again.

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15225. A statement was put in by one witness respecting the rates——?—Who was it?

15226. Mr. Thomas. The statement put in was with respect to the rates from Glasgow to Durban viâ the Conference Lines. According to that statement, wire coils, of from 9 to 10 tons, were charged 85*s*, whereas according to the rates from Glasgow to the East by other Lines the charges were something like 45*s*. to 50*s*.?—I know nothing about that. Mr. Byron, who represents the Natal Line, is going to give evidence, and as it is a Natal business and largely affects his interests, I have no doubt he will be able to answer you.

15227. Then, I will not trouble you with that. Are you aware whether or not there have been any special rates given with respect to agricultural implements imported from the United States?—I saw in the evidence that some gentleman in Port Elizabeth, I think it was, or East London, complained that reaping machines, or ploughs, were charged lower rates. America is a free market, and we send very few ships from America to the Cape, but we have to take just the current rates that are going. There is no rebate system there, and nothing to keep matters in order.

15228. You have not looked at it from that point?—I did look into it. I know the facts, and I cannot say it is wrong. Why should we not? It is a large Harvester Company, I think you refer to. If a gentleman comes and offers a hundred thousand ploughs in a market, which is called a free market, as in the United States, why should not a steamer, whether it be Bucknall's steamer or our steamer, charge a price to suit ourselves—why not?

15229. You have read, no doubt, the evidence of Mr. Mosenthal?—Yes.

15230. And you saw that Mr. Mosenthal threw out a suggestion with respect to what he called a consultative committee; might I ask what you think of that suggestion?—It all depends on what he means by a consultative committee. I do not know what he means. If he meant the merchants' committee, he has got it, and he is one of the prominent members of the committee. It was under Government authority, I think he would like to have it, with penal legislation as well, perhaps; but neither would suit us.

15231. Your memory is for once not quite accurate?—Correct me.

15232. Mr. Mosenthal suggested that there should be a consultative committee composed of representatives of the Conference Lines, and also representatives of the various chambers of commerce and other bodies in South Africa, without any other powers than the power of advising; are you in favour of such a suggestion?—I cannot specify what the committee should consist of, or how it should be composed, but if any sensible, well-conducted committee can be put forward representing the mercantile interests, there would be no reason why we should not meet them; but not to give them what I call control—that we cannot allow.

15233. In your view, there should be no control of any kind?—No control whatever that can take from us the actual responsibility of managing our business.

15234. In other words, no control of any kind?—I am not saying "of any kind." There may be the control of judgment and of fairplay and of comment.

15235. But whose judgment and whose fairplay?—The other people's who are going to be proposed for the merchants' committee, for example, but no official body.

15236. I am sorry to press this point so as to get it a little more clearly; it is no doubt the obscurity of my questions and not the obscurity of your answers which leads me to it, but I think I must repeat the question: Do you contemplate any form of control?—We have got plenty of control—the Board of Trade are over us in every sort of way now; but to manage and control our rates of freight and management, there can be no control whatever.

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15237. In other words, you claim an absolute right to raise the freights to any port in South Africa?—No, I do not; and I did not say so. I say, I would consult with the merchants' committee upon it, but in the last resort we must have self-preservation in view.

15238. I am not quite sure that your exact position is even now quite clear. You at once say that you admit a control, or some kind of control——?—I did not say "control," but a conference for consideration together. My theory of control is very plainly put in my memorandum, and I have nothing whatever to add, and nothing to withdraw.

15239. At all events, from your statement to-day, am I to understand that neither the Governments in South Africa, nor the Municipalities, nor the Chambers of Commerce, nor the merchants in South Africa, are to have any control over the rates to any port in South Africa? Would you mind, if possible, answering that question?—They should only have the control that is fair and reasonable; and I do not know what they would wish that that should be.

15240. Who will have to judge what is fair and reasonable?—We must be, in the last resort, the judge whether it is worth our while to run our steamers or not.

15241. (*Chairman.*) I do not think we need trouble you any more; we are very much obliged to you for having come here to-day?—I am much obliged to you for your courtesy. If there is anything more, I do not want to hurry you. I have a few minutes longer.

15242. I am afraid you are not the best judge; we have your doctor's letter. I do not think we need trouble you any more; your memorandum is extremely full and clear?—I made it full and clear, and I would like somebody to answer it.

Mr JOHN BYRON, called and examined.

Mr. J. Byron.

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15243. (*Chairman.*) You are a partner in the firm of John T. Rennie, Son & Co., and you have been connected with the carrying trade between this country and South Africa for nearly 40 years, I think?—That is so.

15244. The *précis* of your evidence consists of the memorandum submitted in February of last year for the consideration of the Commissioners by the shipowners engaged in the South and East African trade (*see Appendix A. to Sir Donald Currie's evidence*) and of an additional memorandum?—Yes.

(*The witness handed in the following statement.*)

1. I am a partner in the shipowning firm of John T. Rennie, Son & Co., and have been connected with the carrying trade between this country and South Africa for nearly 40 years.

2. The précis of my evidence has already been furnished in the form of a memorandum submitted for the consideration of the Commission by the shipowners engaged in the South and East African trades, and to which I desire to add some remarks on the aspect of the case so far as tramp steamers are concerned. (I do not like the word "tramp," but as it is used by the owners of that class of steam tonnage, I adopt the term.)

3. Evidence has been given before the Commission to show that the deferred rebate system interferes with the liberty of action of the tramp steamer in competing for cargo in regular liner trades when such cargo can be collected in sufficient quantities to tempt tramp steamers to cut under the liner rates. The subject has been touched upon in the South African Shipowners' memorandum, page 2, and I desire to emphasize what has already been said upon the point, and to show how difficult, if not impossible, it will be for the liners to conduct and regulate their business if they were subject to the incessant incursions of tramp steamers, depriving them of an important portion of the cargo on which they depend for maintaining their services.

4. It may be of advantage to consider briefly the conditions under which the business of a liner is worked as compared with that of a tramp steamer; the liner maintains a regular service in a given trade, year in and year out; it is customary for advertised sailing lists to be published a considerable period in advance, so that all shippers can depend upon definite opportunities for the shipment of their goods; the risk of securing cargo for these sailings is borne entirely by the liner shipowner. Anyone is at liberty to ship any quantity of cargo at the current rate of freight without signing any contract. In order to make up cargo for the steamers, and to give the recognised facilities, the liners load frequently at three ports and discharge at four or five, each port involving additional charges, and in this way it should be particularly observed the service of the liners in affording facilities at several ports for the convenience of shippers is incomparably more expensive than the service of the tramp steamer which loads at one port for one port of discharge. The liners come on the berth in regular succession to secure the cargo which they hope to find; they are at the disposal of anyone who may desire to ship goods by such opportunities, and it is no exaggeration to say that the liner shipowner runs the risk of sending his ship away at times with a handful of cargo—this has unfortunately occurred frequently of late in the South African trade, and occurs occasionally in every regular organised trade, even when cargo is promised or intended for a certain ship, and from one cause or another fails to be delivered in time and the ship goes to sea with the space unoccupied—no liability attaches to the shipper of that cargo failing to deliver in time. This is one of the uncertainties attaching to the business of the liner, the shipper never being called upon to pay dead freight or mulcted in damages in any way by failing to get his cargo forward in time. The sailing to date, moreover, is fulfilling one of the most urgent requirements of a trade such as that between Great Britain and South Africa, where there are many hundreds of shippers dealing with goods of every variety and frequently of valuable nature where the failure to sail to date or to perform the voyage within a given time would entail, not only loss in interest but occasionally loss of market, and the liner shipowner who fails to keep faith with all the obligations he professes would soon find himself deserted by the majority of shippers whose favours he solicits.

5. The tramp shipowner on the other hand conducts his business on entirely different principles; he does not confine his operations to any particular trade; he is prepared to send his steamer to any part of the world that will pay him best, but he never sends her on a voyage without a definite contract of affreightment between himself and the shipper—the usual form for such contract is a charter party. Now, the essential condition of a charter party is that the vessel shall be loaded with a full and complete cargo, and if the vessel fails to obtain a full and complete cargo, one of two alternatives happens—either the tramp shipowner is compensated for shortness of cargo or he receives an equivalent in an increased rate or some other consideration to compensate him for sending his steamer on a given voyage without a full load. Then, as regards providing the cargo within a given time, this obligation falls entirely on the shipper by a tramp steamer and not on the shipowner, for one of the principal conditions attaching to any charter party is, that the vessel shall be loaded and discharged by the shipper either within a specified number of days or that the cargo shall be tendered alongside at the rate of so many tons per day. No tramp steam shipowner would undertake to send his steamer to sea on a given day whether the cargo be ready by the specified time or not, and if she is delayed he receives compensation from the shipper in the shape of demurrage.

6. Opponents of shipping conferences have frequently quoted tramp rates in various trades in support of their contention that Conference rates were excessive, but when an impartial examination of such cases has been made it has invariably been found that the low tramp rate was applicable only to full cargoes, usually from one port to one port, with favourable conditions of charter as to guarantee of despatch in loading and discharging, and for such class of cargo as would entail only light stevedoring charges and immunity from claims in the conveyance of such cargo. If a tramp shipowner were to offer his steamers for the conveyance of general cargo in any particular trade on the conditions applicable to a liner with all its attendant risks and obligations, it would be perfectly obvious that his one and only object would be to force his way into that trade; in this connection I beg

leave to repeat the very fair comments of one of the most representative and influential tramp shipowners in the Kingdom, who in giving his evidence before the Royal Commission said :—

> " The tramp does what he likes—he goes where " he can, and he does the best for himself, while the " liner is presumably supposed to stick to his par- " ticular business. I would myself very often like " to slip in and pick up a freight at the expense of a " Conference, but I try to look at things from a fair " all-round point of view. There are many occasions " on which a tramp would jump in and be very glad " to get a good deal less than the Conference are " getting, but that is on occasions, as I say, as to " whether he would care to do it all the year round " and take his chance of how many ports he would " have to go to, and so on, is a different matter. He " might want to get his vessel out in a certain " direction, and then he might cut in and take a " freight that would entirely upset the apple cart of " the liner for months."

7. It will be seen in studying the system under which the liner business is conducted as compared with the tramp—how absolutely free every shipper or merchant is to make use of the liner for his purpose without entering into any legal agreement or obligation ; whatever goods he may desire to ship or whenever he chooses to ship them, he can always depend upon a vessel being ready to hand to suit his convenience ; if his goods are not ready for one vessel he can rely on another being available for his purpose. He is perfectly free to choose whichever line he prefers for the conveyance of his goods—he can refrain from shipping altogether, or he can ship in any quantity he chooses, with the absolute certainty that vessels will be available to meet his requirements whatever they may be.

8. Can it reasonably be argued that the facilities and advantages offered by the various lines which enable shippers and importers to carry on their business with regularity year in and year out, carries with them not even so much as a moral obligation on the part of shippers to support the regular lines that cater for their convenience ? It cannot be so argued, and with the majority of shippers the just claim of the shipowners for their full support is fully recognised, but as there will always be found in every community certain people to whom a moral obligation stands for little if they see a personal advantage in ignoring it, the shipowners have been compelled to adopt some method of protection for themselves and those who ship by them, and the most simple and least complicated plan which has yet been devised is that of offering a commission or, as it is popularly called, a deferred rebate, to those who will give their undivided support, thus creating in the opinion of the shipowners an economic bargain between the Conference Line and its merchant customers, which in effect says :—" We will " provide you with a regular and sufficient service if you " by giving us all your business will afford the demand " essential for that supply."

9. If by any process of legislation the shipowners in our long voyage liner trades were to be bereft of the power of protecting themselves against the fitful opposition of the tramp steamer, it would eventually tend to reduce the present efficiency of the liner to the level of the tramp, and regularity of service to irregularity. Capital would cease to be provided for maintaining the vast fleets of liners which now connect the mother country with her dependencies—the maintenance of uniform rates would be impracticable and the advantages of accelerated speed with low rates of insurance on goods, regularity of sailings, equal treatment for large and small importers and other advantages obtained under the present Conference system would no longer be possible.

15245. (*Chairman.*) In that additional memorandum you describe the difference between the position of a tramp and that of a regular liner?—Yes.

15246. For my part I must say I think your statement with reference to that distinction is so clearly and so fully developed in the memorandum that I have nothing to ask you on that point ; but I do wish to put to you some questions that I should have put to Sir Donald Currie if his time had not been as limited as it was, and I do so, because I understand you adopt entirely the memorandum which was put in last February. Some steamers belonging to the Conference load goods at foreign ports, I think?—That is so.

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15247. Is there any agreement whatever between the foreign steamers and the English Conference Lines with respect to the export trade from those foreign ports?—I am not aware that there is any definite agreement. There was an agreement which Sir Donald Currie referred to as existing between his company and that of Messrs. Bucknall's with the German Line, which expired I believe on December 31 last. There are others of us in the trade who also occasionally go to foreign ports to load, but if we do not go to foreign ports to load we bring cargo over here by transhipment, and the arrangement which Messrs. Donald Currie made with respect to the rates of freight being maintained have been steadily observed by us, although not actually in agreement with the German Lines.

15248. Is there any arrangement between the English Lines and the foreign Lines that a foreign steamer is not allowed to carry goods from a foreign port at a cheaper rate than that charged by the English Lines?—There is no definite agreement, but that is the understanding which exists, and I have no evidence to show that that has been departed from. It has been steadily observed by the German Line up to this present day, although there is no agreement binding.

15249. I asked you that question on account of the letter which Sir Donald Currie addressed to the Prime Minister of Natal on August, 25, 1902. There is this passage in it, which I wish to read to you—perhaps, I had better give you the reference ; it is page 73 of the Interim Report of the South African Shipping Freights Conference :—" The rates of freight from all " Continental ports are the same as from British ports, " and we have in all our agreements with German " and other Lines stipulated for this in the interests " of British merchants and shipowners " ?—That is so.

15250. That rather indicates that there is a definite agreement?—There have been agreements existing for many years, but, as I think Sir Donald Currie told you, the agreement that did exist came to an end at the close of last year.

15251. In those agreements, which then existed, there was a stipulation, I gather from this sentence?—There was a stipulation that the rates of freight which were to be charged from the Continental ports were not to be lower than the rates that were to be charged from the English ports ; and I would like to repeat, that up to the present moment, although there is no agreement binding upon the Germans, that has been steadily observed.

15252. It lies with the shipowners to determine whether a rate shall be charged by ton measurement or by ton weight, does it not?—It is a universal custom amongst shipowners that in all long-voyage trades, goods shall be charged according to per ton weight or measurement, whichever is most advantageous for the ship.

15253. We have had this evidence before us—that the German railways always charge per ton weight, and that the German steamers follow suit and also charge per ton weight ; is that correct?—That is not correct. We understand that there is a system existing whereby goods from inland towns in Germany are carried at a through rate to the ports of Natal and Delagoa Bay per ton weight. We have from the very first—and when I say " we " I mean the shipowners—endeavoured to get the German Lines to abandon that ; but we have always been told that it is an absolute impossibility, and that in accordance with their arrangements with the German Government they are bound to adopt that course. We have protested against it in years gone by, and we have approached the Foreign Office to endeavour to get some assistance ; but the fact remains to-day that the goods from the interior of Germany, I believe, are carried on a weight rate, whereas the goods from the ports themselves, such as Hamburg, Bremen, or Rotterdam, are carried at per ton weight or measurement in exactly the same way as goods are carried from the United Kingdom.

15254. Now take the case of a through bill of lading from an inland town in Germany ; would the rates of freight be per ton weight or per ton measurement?—I believe in accordance with their arrangements it would be per ton weight.

15255. Am I not right in saying that in those cases the rates charged by German steamers are not in effect

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the same as those charged by English steamers?—To that extent they are not; there is no doubt of that.

15256. But you say, and I appreciate it as far as it goes, you cannot prevent it?—We cannot prevent it. It is un unfortunate circumstance that the British shipowners have been suffering from, because it stands to reason that it has deprived them of an opportunity of carrying a certain amount of cargo, although I may say that, so far as we can gather, the quantity of cargo that comes on those through bills of lading from the interior of Germany forms a very small proportion of the shipments from Germany.

15257. That is important; can you tell me what kind of proportion?—We have no means of finding that out.

15258. Then how are you able to say that it is small?—We believe so. It is only an assumption. We hear occasionally of this through traffic; it is brought prominently before our notice, possibly, by the complaint of some merchant, who says, "I have been getting my "goods on a through bill of lading cheaper than I "could have got them from Birmingham." But these complaints are few and far between, and we really do not believe that this through system of carrying goods from the inland towns of Germany means a very large quantity of cargo.

15259. In other words, the goods comprised in through bills of lading from the inland towns of Germany are, in quantity, small—very small, you think—as compared with the bills of lading on goods shipped from German ports?—That is my impression.

15260. Now, will you take in your hand the memorandum handed to us in February last? You begin by describing what the rebate system is; I think we know exactly what it is now, and I do not think we need trouble you any further on that. Then you proceed to show the difference between tramps and Conference steamers—and that you have done more fully in your last memorandum; as I have said, I think that is very clear, and I need not put any questions about it, therefore. Then you proceed to show the distinction between railways and ships, and that, I think, you have made pretty clear, namely, that in the case of railways there is a monopoly which is created by legislation, whereas in the case of steamers, if there be any monopoly, which you, to a certain extent, deny, it is a monopoly which is created by contract between two parties, and that is, in your view, an essential distinction. Am I not right that that is your view?—That is so.

15261. I will not trouble you with any further question on those points. At page 4 you set forth the three principal advantages which are afforded by the rebate system, and which, in your opinion, could not be conferred by any other system. Then, on page 7, you state that it is not, as a matter of fact, possible for a Conference Line to maintain unreasonable rates for any length of time. On this point we have had conflicting evidence, as you know. If that is true, it is in fact scarcely necessary to investigate the difficult question of whether the freights are reasonable or not, because if you could not for any length of time maintain unreasonable freights, it would follow that the freights which do exist for a considerable time are not unreasonable; do you follow me?—Quite so.

15262. You refer then in your memorandum to what is called the compact of 1893, and I am going to trouble you at some greater length than I did Sir Donald Currie on questions relating to that compact, as I expect to be assisted by you a good deal on this matter; for of course it is a somewhat difficult question. You will remember the compact?—I have it before me.

15263. Under it you are supposed to have entered into certain agreements or undertakings, are you not?—An undertaking, yes.

15264. What security have shippers or merchants that you will perform those obligations? You may say it is not necessary that there should be a security; but what security have they?—The security that our very existence depends upon it.

15265. How is that? Supposing you gave a preference to some shippers, that would be inconsistent with the compact, would it not?—It would not be consistent with the compact, so far as the merchants are concerned.

15266. It would be inconsistent, surely, with the compact?—I think it would be inconsistent with the compact, certainly, because we undertake to maintain regular rates of freight to all shippers.

15267. I am sure it would be. What I want to know, and I am sure you will help me, is what security they have that you shall not give a preference to certain shippers; you may, of course, say that no security is necessary, as they can trust you?—The security, I think, that the merchants have is this, that if any shipowner fails to fulfil the obligations he has undertaken, he would be deserted by the shippers, and he would not get their support.

15268. But the shippers cannot do it, without forfeiting these rebates?—That is not the deterrent which some of the witnesses on the other side have endeavoured to show that it is, because we have proof within the last few years that people have forfeited their rebates when they have been dissatisfied with what they consider they could have obtained with better advantage elsewhere, and have gone elsewhere.

15269. But that has generally been the case when there has been a freight war, has it not?—Not always. We have had instances this last year or two of a man being dissatisfied with the rates of freight we were giving him, and deciding to leave us and to charter his own steamer.

15270. So that you say it is not true that you have, by virtue of this system of rebates, anything like a monopoly?—I do say so most emphatically.

15271. That lies at the root, I think, of your argument, does it not?—It does.

15272. If the shippers were really dissatisfied to any great extent, do you think they would forfeit their rebates and employ other steamers?—I do. May I illustrate my point by giving you a fact that has occurred within the last 12 months?

15273. Certainly?—Some shippers in Natal, importers of sugar machinery, Messrs. Hewlett, of Natal, have for the last two years shipped very large quantities of sugar machinery. They came to the Conference Lines and asked for special rates. The reply of the shipowners was "We cannot give you "a special rate for your machinery, and at the same "time deny that same rate to all other shippers of "a similar class of machinery." These gentlemen said, "Well, your regular line is no advantage to us "in this particular instance; we can keep our "machinery until it is all ready; we do not want "fast delivery; an ocean tramp steamer is quite "good enough for us; and unless you are willing to "give us a rate lower than other people are paying "for the same class of thing, we intend to charter "our own steamer." The Conference Lines refused, with the result that for two years successively they have chartered their own steamer for the conveyance of their cargo. Now, it is a remarkable thing that in the whole of the evidence taken in South Africa that has not been referred to; and I take it that the reason it has not been referred to is because it cuts the ground from under the feet of the gentlemen on the other side who tried to impress upon the Commission the fact that we are a monopoly. That is what Messrs. Hewlett have thought fit to do, and the obvious answer to these gentlemen who complain that we are a monopoly would be "Why do you "not do the same?"

15274. Do you know the amount of rebates they forfeited by this?—No, I do not.

15275. You have no idea?—No; it was not large. I only instance this as a fact which demonstrates, as I think, that we are not a monopoly.

15276. I think it is an important example. Now I want to know from you whether there would not be an advantage in having the terms of the compact made clear and embodied in some document which would give the merchants some means of, if necessary, enforcing the terms of the compact, or of enabling them to recover the rebates in cases of the steamers substantially violating the terms of the compact. Would you have any objection to that?—I should have no objection whatever to sign an agreement if I could be satisfied that the party on the other side

was bound also. Your idea would lead to the supposition that there might be a binding contract as between the shipper and the shipowner.

15277. It is simply that what you understand to be the agreement constituted by the compact should be embodied in a written document; you would have no objection to that, would you?—Not the slightest, but I may say that it would be to my mind a practical impossibility to get the shippers to come into an agreement.

15278. Why?—For the simple reason that the contracting parties on the one side are half-a-dozen shipowners, and it would be an absolute impossibility to get a contract from the shippers on the other side.

15279. Pardon me; the shippers when they ship in accordance with the circular, understand that they will get no rebates at all if they ship by outside steamers?—That is so.

15280. You do not want any further contract on the part of the shippers than you have got now. Do you not see what I mean? A shipper knowing of the circular, knows that he is not entitled to any rebates if he ships goods by outside steamers?—But that does not bind him to me, only to the extent of the loss of his rebate.

15281. So, by virtue of your circular and the fact of the shipment of goods under the terms of the circular, you know that you will retain the rebates if any shipper ships goods by outside steamers?—Quite so.

15282. The only further question on this that I wish to put to you, a gentleman of very great experience, is this: Instead of having merely what is called the compact, and which in the eyes of a lawyer I can assure you does not constitute a legally enforceable agreement, would you have any objection to the shipowners giving notice that they will perform these obligations which are, as you suppose, contained in the compact?—I should have no objection. I contend that we have done that.

15283. You would have no objection?—I contend that we have fulfilled the whole of the obligations laid down in this compact.

15284. Do you say you have always fulfilled them?—Absolutely. I should like, if I might be allowed, to give some explanation.

15285. Certainly?—The compact, which was agreed to by the Merchants' Committee and the shipowners, had several clauses. There was to be a sufficiency of tonnage, there were to be maintained rates of freight for all shippers, there was a guarantee that the vessels were to sail to date; full or not full, and there was a guarantee that no cargo was to be taken on ship's account. I do not think there is a single merchant who has stated that we have not fulfilled these obligations. I think there was a consensus of opinion that we have fulfilled every one of these obligations. It is the clause which comes under the denomination of Protection that the dispute has been about. That is Clause 4. I do not know whether you have the compact before you, but it reads in this way: "With "reference to the protection of merchants, in regard "to outside steamers generally, it was agreed that in "the event of merchants who confined their shipments "exclusively to the South African Lines, showing "that competitors have had goods shipped from and "landed at any ports covered by the outward rebate "circular on lower terms than those paid to the "South African Lines, these Lines will, whenever they "are satisfied the case demands it, allow such mer-"chants a return of the difference between the terms "on which they have paid to the South African Steam "Lines and the terms on which other shippers have "paid to any outside steamer, provided always that "the shipments are similar in character, and have "been made within seven days before or seven days "after the date of departure from the last port of "loading of such outside steamer. This arrangement "to be reconsidered if found to work inequitably."

15286. I think you will agree with me that what you have read does not constitute any definite agreement, if you will read the first words again?—May I just finish what I wanted to put before you, which was just this, upon that last sentence—"This arrangement "to be reconsidered if found to work inequitably." The merchants, after a little while, came and said: "We are not satisfied with this arrangement"; and we then entered into another arrangement with them which gave practically every shipper in the trade an opportunity of shipping 20 per cent. of his goods at a very considerable reduction of freight—at a rate of freight which was very much lower than was offered by the Opposition and which, therefore, practically gave every shipper the opportunity of shipping a larger proportion of cargo at lower rates than was being carried by the Opposition. I would be very pleased to put in, if I might, a copy of this Special Notice to Shippers. (*See Appendix* XXX.) That was accepted by the merchants and we carried it out; and I contend that we have fulfilled in every particular the compact which was entered into between the merchants and shipowners.

15287. I want to remind you of a complaint which was made by some of the witnesses—I do not say it is a just complaint; far from it. They said that during the Houston warfare, if I may so describe it, the position of things was that there were some contracts made by the Houston Line which extended over several years, and for some years after the freight war was at an end, shippers, per Conference Lines, found competitors of theirs were having the benefit of the low rates of freight during the continuance of these long contracts. You will remember this perfectly well, I think?—I do.

15288. It is quite clear that that fact, in some cases, was the only fact which caused one or two of the witnesses before us to speak unfavourably of the rebate system; and I want to know what you say to that complaint?—I say this, that it is perfectly true that there were some contracts that were entered into by Messrs. Houston which continued for a very long period; but it must be noted that those who possessed those contracts—who had the advantage of them, if it was an advantage—sacrified, in the first place, their rebates; in the second place, they never had the full opportunity, like other merchants have in the trade, of shipping their goods on the same terms as the rest of the merchants in the trade, but they had always to ship in the boats that were nominated by Messrs. Houston, in accordance with their contract so long as it existed, as Mr. Jagger said, and he was one of the principal witnesses, and made the greatest complaint upon this point. It was part of Mr. Jagger's complaint that when he shipped by the Castle Company's mail steamer he was charged 10*s.* per ton more than other merchants. Precisely; that was the penalty that he had to pay. It would have been an unfair thing to have allowed Mr. Jagger to have full access to the steamers of the Conference Lines while he was enjoying the special contract which he had with Messrs. Houston.

15289. I thought that would be the explanation you would give; but it seemed to me right to elicit that explanation from you, because two of our witnesses rested their objections to the system of deferred rebates only upon that fact. I should like, before I leave that point, to ask you whether you think that when the Houston Line shipped goods under those long contracts they were shipping the goods at unremunerative rates?—That is not a question which I am in a position to answer. I can only infer from my knowledge of the trade what must have been the result to Messrs. Houston. My own impression is, that the Houston fight cost Messrs. Houston an immense sum of money; I believe that their losses were very great.

15290. You mean, that they did carry goods for a considerable time at unremunerative rates?—At ruinous rates, certainly.

15291. Now I will leave that point. We know there have been negotiations carried on between you and the Merchants' Committee and the delegates in London, as to the rates of freight; you remember all those things?—Yes.

15292. I wish to put to you the same questions as I put to Sir Donald Currie: What is the use of your coming to an agreement with the merchants about the rates of freight at any particular time if you are at liberty, without the concurrence of the merchants, to alter the rates of freight, either directly or indirectly by means of altering the classification?—The use is, that you can hear the views of the merchants. I can say that, as far as my experience goes, we have

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always had a very earnest desire to satisfy the merchants.

15293. I have no doubt of that?—I think the great advantage of being in a conference with them—and I hope it will not be long before we do get into conference again with them—is to hear their views, to see when any question arises, such as the necessity for putting up the rate of freight, what they have to say about it, and to show them also what our arguments may be in favour of it; and so to arrive at an amicable settlement of the question without adopting any arbitrary process of putting up the rate without notice.

15294. That shows most clearly the great advantage of having a conference of steamship owners and a conference of merchants, so that they may talk the matters over inside and present arguments and objections?—Quite so.

15295. I fully agree with you, and I think it is important that we should have your evidence on this point, that a system of conferences of that kind is of great use?—Yes, it is of great use.

15296. Still, if you will allow me to say so, you have not quite satisfied me with reference to the question I put to you, which is this: I assume now that, after both sides have met, you shall have arrived at a settlement of the rates of freight; supposing a year afterwards you thought proper to raise, and had power to raise, the rates of freight without the concurrence of the merchants, what use would the former agreement be?—If, after a period, we found it necessary to raise the freights again, we should confer with them in the same way as we did before; and your question seems to say: What would be the result if you do not agree? I think that is a very difficult question to answer.

15297. That is the reason I put it to you?—It does not seem to be reasonable for a vendor to be put in the position of not being allowed to raise the price of his commodity without the sanction of his customers.

15298. If you will allow me to say so, I think that is a very fair answer to my question, and it is an answer that I had anticipated. You say that the same difficulty which exists in connection with this question, as between the shipper and the shipowner, exists as between the ordinary vendor and purchaser?—Precisely so. I may say, there may be reasons which may not be patent to the eyes of the shippers, but which are perfectly clear to the shipowners, why they cannot carry on their business without an increase of freight. There may be certain expenses of working which might be thrown upon them, or you might be in face of a European war, or there might be a number of other incidents which might have a very serious effect suddenly upon rates of freight; and the shipowners might say, "We cannot "carry on our business without having an increase in "the rate." If we have to go to a tribunal, and that tribunal were to say, "We will not agree with you," what is to happen? You cannot compel a man to carry on an unprofitable business.

15299. That leads me to my last question on this point: Some persons think that arguments similar to those you have used might lead to the conclusion, in the first place, that it is important that every great trade should be represented by some committee. You would agree to that, would you not?—Certainly; we desire it.

15300. They, in the second place, think that those arguments may fairly lead to the conclusion that it would be useful for a committee of shipowners and a committee of merchants to be appointed as what may be called a conciliation board, and that any differences between the shipowners and the shippers should be referred to that board which, in most cases, would come to some settlement that would satisfy the two parties, and in the rare cases in which they did not, they would be disputes which would be settled by some arbitrator to be appointed by the conciliation board. Would you have any serious objection to such a proposal?—On the contrary, I think what we desire above all things is to have a board consisting of representatives who we feel would represent the interests of all concerned. The Merchants' Committee, I think, have endeavoured to fulfil that office. In the evidence we heard out in South Africa, there has been a great amount of objection urged against the constitution of the Merchants' Committee. I never can understand why it is—whether it is, as the junior partners on the other side say, that their seniors at home are rather anxious to have a quiet time and do not want to be troubled with rates of freight and all that sort of thing, or what it is, I do not know. But what we should desire above all things would be a thoroughly representative body which would be able to settle matters and to agree matters with the shipowners.

15301. We are very much obliged for your evidence on this point, which has cleared up some matters, I think. You know by name and reputation Mr. Douglas Owen, do you not?—Yes, indeed.

15302. In your memorandum you express a very high opinion of his ability and of his knowledge, for you say at page 20 that he possesses profound knowledge of the subject. I do not know whether you have read the evidence which he has given before us, have you?—Yes, I have.

15303. I need not trouble you with the different questions. Am I not correct in stating that he says he had overlooked the fact that the agreement between the shippers and the shipowners was not subject to be determined by notice, and that he thought such an agreement an absurd agreement, and that if the shipowners would not consent to have that agreement altered so that it might be terminated by some kind of notice—I mean a notice of some length—then legislation would certainly be necessary? I am sure we should be most thankful if you would express your opinion as to that evidence. You see in effect the agreement is not subject to be terminated by any notice. You always have, unless I am mistaken, a certain amount of rebates in hand, and the agreement cannot be terminated by any notice; that is to say, the shippers are always bound by the agreement unless they forfeit their rebates. Mr. Douglas Owen, whom you eulogise in so remarkable a manner, says he had quite overlooked that fact; and he is clearly of opinion that an agreement of that kind which is not subject to determination on certain conditions, is an unreasonable and I think he says a ridiculous agreement. I want to know whether you share the views of that gentleman of great experience?—Mr. Douglas Owen has a profound knowledge of everything connected with shipping, and he is also a very impartial man, so far as I can gather, and of course everything that he says must have very careful consideration. But I think that Mr. Douglas Owen has overlooked one very important fact. I think he has been under the impression—the same impression that a great many other people are under—that this return or rebate is a sum that belongs to the shippers, and is part of their freight. But our claim is, and I think Sir Donald Currie brought that out clearly, that it is a gift or consideration for certain services which they render to us, which we pay in the shape of a commission, and cannot be considered as part of the merchants' freight in any way.

15304. With reference to that, if you will allow me to say so, I do not think that we are much assisted by being told that this rebate is a commission. Let us look at the substance of the thing. Is it not this: The shipowners require the shipper to pay a certain amount of freight for the carriage of goods, but they undertake, at the same time, to return after the lapse of a definite period a certain fixed proportion of that amount, provided the shipper has not directly or indirectly shipped any goods by outside vessels. That is the real contract, is it not?—Yes.

15305. If that is the real contract, is it not true that the shippers are, to a certain extent, bound by that contract to ship goods only by the steamers belonging to the Conference?—They are, for which they receive certain advantages.

15306. I quite agree with you there. They, with their eyes open, have entered into this contract, from which they have derived those advantages which you have pointed out?—Clearly so.

15307. I hope you will not suppose I am expressing any opinion at present; I only think it fair to put to you what has been said on the other side in

order to have your answer. Mr. Douglas Owen is of opinion that such a contract, which, to a certain extent, places the shipper at the mercy of the shipowner, is unfair, and to a ridiculous degree unfair, unless it can be terminated by the shippers after giving certain notice. Now just tell me whether you agree with Mr. Douglas Owen or not in that remark?—I am sorry I cannot agree with Mr. Douglas Owen. I would say, in answer to his proposal, Why should the shipowners be periodically called upon to suffer the harassing conditions that would result from such a state of things? There are always a number of people in the shipping trade, it is well known, who are on the look out for opportunities. A man, if he sees a weak spot in a given trade, does not hesitate to venture perhaps a few thousand pounds in an attempt to find his way into that trade; steamers are suddenly placed on the berth at ruinous rates of freight, with the object either of the opposition forcing itself into that trade and being accepted as one of the regular liners in that trade, or probably he might say, "Well, if I do not succeed in that, I "shall very likely get some consideration for with-"drawing." Now, if we were to adopt Mr. Douglas Owen's suggestion, we should at these particular periods be subjecting ourselves to this very great disadvantage. Might I just say what one of the most important witnesses in Cape Town said to the Commission? Mr. Garlick (at Question 6885, I think) said, "If we could every three or four years call for "tenders, and if we found we could not do better, "we should be satisfied." Surely a big business cannot be trifled with in this way? Nominally, there are only eight firms of shipowners, but besides those firms of shipowners there are many hundreds, perhaps thousands, of shareholders. We hear a great deal about the interests of the merchants and the interests of the consumer, but in the whole of the evidence that has been brought forward, I have never heard anything said about the interests of the poor shareholders in the steamers. Mr. Garlick then goes on to say, "When you are "bound, there is always a tendency to feel that you "could do better if you could not do better; things "may be irritating, but even if you had your own "way, still it is quite possible you would not improve "the position, and if we had legislation, we might be "in a worse position—we might be out of the frying-"pan into the fire." That is the view that Mr. Garlick takes. What I say is that it is somewhat anticipating, or rather somewhat adopting, the suggestion of Mr. Douglas Owen that at certain periods we should throw open our doors and let anyone come in that likes. I think it is an unreasonable thing to ask the shipowners to do such a thing.

15308. Now we have ascertained your view on that point. In paragraph 2 of your memorandum, you say the Conference system and the rebate system "exists all over the world." You will agree with me that that requires some modification. It does not, for instance, exist in the coasting trade. There may be, and I think there are, reasons why the rebate system need not exist in some trades—I quite agree with that—but it is better to clear up that statement a little. I think I am right in saying that the system of deferred rebates does not exist in the coasting trade?—I know very little about the coasting trade, but I can quite understand that its features entirely differ from those of a long-voyage trade. The coasting trade consists, to a very large extent, of people who only occasionally want to send something. Perhaps you are a shipper to-day, but you may never be a shipper again. You gentlemen, for instance, may send a motor-car down during the shooting season, and you may be a shipper once in a season.

15309. I am not going into the reasons, but there may be very good reasons why the rebate system cannot exist?—I have had experience of one coasting line, that is the coasting line between London and Aberdeen. I have known it for 40 years. I have known of two occasions when they have had opposition, but the opposition has not lasted more than three or four months. There is only one line, and therefore they do not want any rebates.

15310. Still, I am right in saying that the system of deferred rebates does not exist in the coasting trade?—That is so; I believe it does not.

15311. It does not exist substantially in the Mediterranean trade?—The Mediterranean trade is a semi-coastal trade. *Mr. J. Byron.* 18 *Feb.* 1908.

15312. I admit there may be a very valid reason for that, but I am simply wishing to get the facts before us. Then it does not exist in the Bombay homeward trade?—No. That is by reason of large quantities of produce being available for every steamer.

15313. It does not exist in the rice trade from Burma?—No.

15314. And it does not exist in the export trade from the United States?—Might I just interpolate one remark? When you speak of such trades as the rice trade and other trades from India, you are travelling out of what we call the liner trades. To a very great extent, you may put such cargoes in the same category that you would coals and other bulky articles for which steamers can be chartered to carry full cargoes, and they would not come under what we call the liner service.

15315. The rebate system does not exist in the export trade to the United States, does it?—I believe not. That is more of a passenger trade, perhaps.

15316. And, speaking generally, it very rarely exists in any of the trades homeward?—I take it that what you say is correct.

15317. Perhaps, I had better leave the point which is mentioned in paragraph 23 (namely, the rates from America to South Africa) to some other member of the Commission, because, to tell you frankly, your explanation of this question satisfies me as far as I am at present advised. Now I will go to paragraph 26; when you carry goods for the South African Governments, do you carry them at unremunerative rates of freight? You carry them at lower rates, do you not?—Yes.

15318. Would you mind telling me whether they are unremunerative? Of course, if you object to tell me, say so?—I have not the slightest objection. They are unremunerative. We could not carry at the same rate of freight for other people that we do for the Governments.

15319. It would not pay you to do so?—It would not pay us to do so.

15320. Why do you do so for the Governments?—For various reasons. One reason has been, of course, that the Governments command a very special line of cargo, namely, rails. We have always been prepared to carry rails at a very low rate, and we made up our minds years ago that we should give to the Governments the lowest rate of freight at which it would be possible for the Governments to go into the open market and to charter outside tonnage; and at the same time we should give them all the facilities which we offer in the way of regular sailings, quick delivery, and all the rest of it. We have been considerably pressed by the Governments from time to time to give these rates, and we have felt that there was a justification in their demand, because we felt at the same time that any advantage that we could give, at any rate to the Governments, in the way of rates of freight, would not be prejudicial to the merchants, and would, to a certain extent, be an advantage to the community in getting the stuff in at the lowest rate possible. I will give an instance to show how low down we went. About three years ago, the Cape Government were not satisfied that we had gone to the bed-rock rate that we could possibly give them if they were chartering in the open market, so they broke off negotiations and went into the open market themselves. They tried everywhere to see whether they could do better by getting ocean tramps at a lower rate than was offered by the Conference Lines. They found they could not do better, and they came back and accepted the Conference rates.

15321. If I may presume to furnish you with another argument, it would be this, that a complaint ought rather to be made against the Colonial Governments for demanding a preference?—Precisely.

15322. It appears in the evidence of some of the witnesses before us, that inasmuch as you carry goods for the Governments at unremunerative rates of freight, that might be one reason why you charge somewhat high rates to the ordinary shippers, as you do not wish to carry on your business at a loss?—I do

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not think there is very much in that, because, according to the evidence we have, the proportion of Government freight to the whole of the imports of South Africa, does not amount to more than about five or six per cent.

15323. I put this to you, because it may afford a solution to the question: Can you positively undertake to say that you are not obliged to charge higher rates to the ordinary shippers on the ground that you lose a certain amount by carrying goods for the Government, and the municipalities, perhaps, at unremunerative rates of freight?—I can distinctly say that in fact the one thing has had nothing to do with the other. We have never for one moment, when making a bargain with a Government at very low rates of freight, thought of striving to put the rates of freight up to the merchants in order to counteract any loss we might have sustained in taking that contract.

15324. Do you think that the unremunerative rates at which you carry for the Government have, to any appreciable degree, affected the dividends paid to your shareholders?—Of course, everything that reduces the earning power must have an ultimate effect upon the dividend.

15325. You know the statement made by the shipowners is that their business is not remunerative?—At the present time that is distinctly true, unfortunately.

15326. It is not limited to the present moment. It is further stated that it is shown by the very small dividends paid to the shareholders?—That has been so for years past, I am sorry to say.

15327. It has been suggested that the fact that you carry for the Governments, and, perhaps, for the municipalities, goods at unremunerative rates, has been one of the causes why you are not making much profit?—To a very small extent, of course, it must necessarily be the fact. It naturally follows, that when you are taking a low rate of freight, however small the difference may be, as I said just now, it must in the long run affect the ultimate dividend. But it has never entered into the minds of the shipowners for one moment, when we have made what we call a very low contract with the Governments, to endeavour to get the loss that we sustain by doing so, or the approximate loss, out of the merchants. I might mention, that when we talk about Government cargo being unremunerative, I must qualify that by stating that to a very large extent the cargo that the Government give us is very useful to us, because in shipping cargoes of rails, it is of advantage to get a certain proportion of rails to carry.

15328. As regards classification, do you agree with Sir Donald Currie that there is no objection to your publishing a classification?—I may say, with regard to the classification, that I was absolutely surprised at the outcry there was in the Colony with respect to our not issuing a classification. I can assure you that we have never had what we may call serious complaints from shippers here. Many people have come into the office and said, "We should like, if you could "give us a classification," and we have said, "We do "not issue classifications"—and we have not done so for some years. We did issue classifications years ago, but we found it was very difficult to keep people advised as to the continued alterations that were being made. May I, while I am on this question of classification, just point to this little book which shows the classification? It consists of about 62 pages, and it is not an easy thing to give broadcast to everybody and to keep up to date, because alterations are continually being made.

15329. But I think you will agree with me that there is no insuperable difficulty?—From my point of view, now we have had an expression of opinion, I think the shipowners without doubt will certainly do it. While I am on the question of classification, might I be allowed to put in one or two documents?

15330. Certainly?—Some evidence was given on the other side trying to impress the Commissioners with the fact that the alterations which have been made in the tariff in the last few years were very small. I wish to put in this paper simply to show that the alterations in the tariff for the last five years, between June, 1902, and June, 1907, have consisted of 152 articles, commencing with a reduction of 2*s.* 6*d.* and going steadily up to 22*s.* 6*d.*; that has been the reduction over five years. If it would be of any further use to you, I have gone back for 15 years, and am able to put forward documents to show that, during this period of 15 years, practically every article in the classification has been reduced at least 5*s.* per ton, and many articles as much as 17*s.* 6*d.* per ton, and that during that period three articles only have been raised. (*Handing in lists and classification.*) That is just a little information as a reply to the gentlemen on the other side who have said that they cannot discover that any material alteration has been made. One gentleman said that as far as he can judge, the rates of freight have been put up quite as much as they have been put down.

15331. In the memorandum you cite many statements made by Mr. Garland Soper. In order that an erroneous impression may not be made by certain statements you have made, I want to remind you that the Merchants' Committee arrived ultimately at the conclusion that the system of deferred rebates required modification, and that it ought not to be maintained unless those modifications were introduced; I am not going through it again, but you will remember that?—Quite so.

15332. At the meeting of delegates in London, no arrangement was come to between the merchants and the shipowners or the delegates, because those conditions were not assented to?—Yes, that was the result.

15333. I have stated that in order that some of the statements in your memorandum may not be misunderstood. Do you ever ship goods on your own account?—No.

15334. You sometimes ship coal, do you not—you know the evidence about that?—Very seldom. For years past, I do not think we have shipped coal. Occasionally you have got some extra coal which you want to get rid of out of the bunkers, or something like that.

(*Chairman.*) In paragraph 32, you refer to the evidence about legislation. I only wish to say one word as to that. I agree with you entirely, if I may be allowed to say so, that the rebates mentioned in the Elkins Act have nothing to do with the deferred rebates which prevail under the Conference system: but, on the other hand, the Sherman Act may make the system of deferred rebates illegal in the United States. We shall have evidence on that point from a counsel who is intimately acquainted with American law, so I need not ask you any questions upon it.

15335. (*Mr. Taylor.*) Do you run a line of steamers to Natal?—That is our line.

15336. To Natal only?—To Natal, Delagoa Bay, and the East Coast ports.

15337. Where do you get your bunker coal?—As a rule in London.

15338. For the round?—No, for the outward voyage only.

15339. Where do you coal home?—We coal at Natal for our homeward voyage.

15340. Did you always coal at Natal?—We have only coaled there since the collieries have been discovered, in the early 90's, I think—since about 1892 or 1893. I can get you the date.

15341. Was it much of an advantage to you to get coal there?—I think so.

15342. I suppose you gave the benefit to the trade, or they have indirectly got the benefit, of the extra facilities?—I have just given evidence to show that we have been reducing rates continuously for year after year.

15343. With regard to the Governments of the Colonies, is it not quite recently that they have endeavoured to get outside tonnage?—No, I cannot say that. I think they have always checked our figures by being perfectly well acquainted with what they could do by outside tonnage in the open market.

15344. I seem to have read, though I am afraid I have not got the exact reference, that quite recently the whole of the Governments in South Africa resented an attempt by the Conference Lines to alter the current agreement as regards rates of freight, and that they empowered people here to take steps that would have meant the loss of very considerable cargo to the lines?—That is perfectly true The

Governments of the Transvaal and the Cape Colony did not view with favour certain slight alterations that were being proposed by the shipowners for an extension of their contract in July last, and they broke off negotiations with the shipowners, but with the result that they came together again and they agreed to renew.

15345. I suppose what really happened is that they went into the outside market and they got the lowest possible quotation?—We presume they did.

15346. And then, instead of chartering boats, they came back to the Conference?—That is so.

15347. And said, "If you will continue at these "rates that we can get elsewhere, we are satisfied"?—Yes, it was practically that. I think that while negotiations were going on, the shipowners expressed their willingness to give them an extension of the contract on the same terms, and that was agreed to.

15348. Was there a lowering of the rate?—No, there was no lowering of the rate. It was exactly on the same terms and conditions as the previous contract.

15349. What failed was an attempt of the Conference to slightly improve the position for themselves?—That was it.

15350. (*Mr. Reeves.*) You abandoned that?—We abandoned that.

15351. (*Mr. Taylor.*) Had the Governments not put their heads together and gone outside, I suppose possibly you would have been able to say you would not do it?—I think the difference was very slight; it was about 1*s.* 6*d.* per ton for some rails, or something of that kind.

15352. In your own supplementary brief of evidence you go very closely into the protection, which you say is legitimate, afforded to the lines by the deferred rebate system as against the opposition of the "fitful "tramp"?—Yes.

15353. Do you think that these Governments were doing you an injustice by resorting to the "fitful "tramp"?—I do not know that you can call it doing us an injustice. It was a commercial transaction. I suppose we cannot complain that any injustice is done, but I do think this—that the Governments have not fully recognised the advantages which they gain by the splendid service they have, and by their being able to ship at the very low rates at which they are shipping.

15354. Would you impose upon Governments the same ethical standard as you would impose upon the individual merchant?—No, I would not; and I have given my reasons why I think they are deserving of some special consideration. We view it from that standpoint.

15355. You speak in your brief of a moral obligation on the part of shippers "to support the regular "lines that cater for their convenience," I see?—Yes.

15356. Do you think that Governments are exempt from that moral obligation?—No, I do not think they are exempt, but I think they are deserving of some special consideration. As I said just previously, I do not think that the Governments have properly recognised the advantages which they get, and I think it is a little ungracious on their part to go into the open market, as they occasionally do, and endeavour to screw the shipowners down by putting against them the possible advantages which they might get in the open market.

15357. The Governments have never chartered outside boats, have they? They have not gone to that point?—Not for some years, I think.

15358. They have used that threat, as you think, unduly to screw down the Conference Lines?—I think so, distinctly.

15359. But I understood from Sir Donald Currie's evidence, which I think you heard——?—Yes.

15360. That the Governments would have given up their preferential rates that they received from you, had you been willing to lower the merchants' rates. I have got a note to that effect. So far from being the ethically blind individuals that this recent action shows them to be, it was stated by him that they were prepared to abandon this advantageous position, provided that the general rates to the mercantile community were lowered?—I think that you are referring to a proposition, upon which questions were asked of Sir Donald Currie, which was put before the shipowners at the conference which was held at the Colonial Office at the end of 1905, I think, wherein there was an attempt to come to terms with the shipowners.

15361. An attempt by whom?—An attempt by all concerned.

15362. The Governments and the community?—The Governments, the representatives of the Merchants' Committee, and the representatives of the London Chamber of Commerce. There was an attempt made to come to terms and to settle the difficulties which had been going on for such a long time. One of the proposals was that the Governments should pay the same rate as the merchants, if I remember rightly, with the exception of rails—they were to have a special rate for rails. I think that was so.

15363. The Governments were really willing at that time to forego these advantages, except in regard to rails, which, I suppose, would be a sort of ballast cargo——?—Precisely.

15364. And to give the benefit of their sacrifice to the community?—I cannot tell you what reasons the Government had for entering into that proposal. It was never carried out, and whether there was a determination on the part of the Governments to fall into line with the merchants' I cannot say. They may have had their special reasons for doing so, but that was the proposal, and it was never brought into effect.

15365. I do not want to labour that point. The attitude of these Governments is of course interesting. They, I suppose, share the feelings of the communities whom they represent, as most Governments do, and as this seems a burning question in these Colonies, I wondered whether the Government sacrificed the merchants in the way that you appeared to suggest at first, or whether they did recognise some moral obligation to the rest of the community. If the Governments get on 60,000 tons of cargo, which is the estimated yearly quantity that they control, lower rates of freight than the rest of the community, what happens really in the long run? I understood from Sir Donald Currie in unmistakable terms that he must live—I think that was the expression; Sir Donald Currie said "We must live." Of course that is a statement that is very frequently challenged, but he said most emphatically, on behalf of the Conference Lines, "We must live"?—I quite agree with Sir Donald.

15366. Therefore, I take it that what is given to the Government by way of undue concession must, in the long run, be got out of somebody if the Conference Lines are to live. Do you not agree?—I think it is the shareholders that eventually suffer; I do not think it is the merchants. I think the shareholders have to put up with a little smaller dividend to make up for the difference of freight on the comparatively small proportion of Government cargo which, I understand, only amounts to about 5 or 6 per cent. of the whole trade.

15367. Then to that extent the Conference does not live as well as it otherwise would have lived if the Governments had been less exacting?—Exactly.

15368. May I now go to that part of your brief of evidence which deals with tramp steamers? It is an elaborate argument, as I understand it, differentiating between the function of the liner and that of the tramp. I should like to ask you whether the system of deferred rebates was always necessary in your experience to keep out the tramps?—It was always necessary, so soon as the trade became a thoroughly organised and extensive trade. You must remember that in years gone by we carried on our trade entirely by sailing vessels. In the early '80's we were gradually merging into steam, but at that time the only two steam lines that were trading with South Africa were the Union Steamship Co. and Donald Currie and Co. I think in 1881 or 1882 we had our first steamer, and I think for about four or five years we

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only had about two steamers in the trade, so we were doing very little steam business.

15369. What were the tramps doing?—I think if you go back to that period, you will find there were not very many tramps that were suitable to go down to South Africa.

15370. Not in 1882?—In 1882 there were not so very many tramp steamers that were suitable for the South African trade.

15371. Why not suitable? What was the difficulty?—The class of tramp steamer was very much smaller in those days. It was a very long voyage, and the triple-expansion engine, the introduction of which created a great saving of fuel, was a thing not known in 1881 and 1882—I do not think it came on till 1885.

15372. And it was not known to the liners?—Quite so; the coal expenses of liners in those days were something terrible.

15373. That equally applies to the tramps then?—Undoubtedly. I mean to say that in those far-off days there were not very many tramp steamers on these very long-voyage trades, and there was not so much opposition in those days with tramp steamers as there is to-day. There were no 8,000-tonners in those days.

15374. The system of deferred rebates you consider necessary if the "fitful tramp" is to be eliminated from the regular trades?—I do.

15375. And you think it is wholly to the advantage of all concerned in the regular trades that the tramp should be eliminated?—I do not say he should be eliminated. There was no question of eliminating the tramp, but we think the tramp is not a fair competitor in a liner trade.

15376. If I understand your argument, this system is with the object of keeping the tramp out?—Precisely.

15377. Because when he turns up, as you say, or as somebody says whom you quote in your brief, he "upsets the applecart"—I think that is the expression?—That is borrowed from the evidence of one of your own representative tramp steamship owners. I think he put it very clearly; what he said was so good and so exactly to the point that I took the opportunity of putting into my *précis* the exact words that he said.

15378. "He might cut in and take a freight that "would entirely upset the applecart of the liner for "months"?—That is it.

15379. I understand that this system of deferred rebates is necessary to keep the tramp out, and you think in the interests of all concerned that he should be kept out?—I think it is an unfair competition for the tramp to come in when things are good, and to leave it alone when things are bad. I think it is unfair competition that a liner is to be subjected to the fitful opposition of the tramp steamers, and that whenever a man can collect a certain quantity of cargo, making it suitable or large enough for the tramp to come in, the tramp steamer is to be allowed to have free access to that cargo, and the liner who carries on the work from one year's end to the other, is to be starved so as to allow the tramp steamer to come in to compete.

15380. I quite understand your virtuous indignation, but may I just put one point: What about the wicked liner who comes into your trade and makes an opposition; is he entitled to do it?—So far as my experience goes, I deny that the liner does that—I mean to say so far as my experience goes, we have never done it.

15381. What about Mr. Houston?—I cannot speak for other people; I am speaking for my own line. We never interfere with other people's business; we stick to our own trade.

15382. Can we take your trade as typical? You may have been so fortunate as never to have had opposition. I really do not know what the circumstances are?—I think we have had a good many oppositions in the South African trade.

15383. May I take it that the system of deferred rebates is as much intended to keep other lines out as it is intended to keep tramps out?—Undoubtedly.

15384. It is a monopoly for particular lines of steamers and not for liners?—Certainly; most distinctly. The object of the rebate is to prevent competition from outside steamers, and a steamer that belongs to another line if it makes encroachments on our trade, for instance, is quite as much an outsider as a tramp steamer.

15385. You gave an illustration of one gentleman, a Mr. Hewlett, who appears to have successfully circumvented the deferred rebate system. You mention it as a remarkable case that during the last two years Mr. Hewlett, an importer of sugar machinery, had been enabled to charter outside boats for his machinery in spite of the deferred rebates; do you think that was a bad thing?—Mr. Hewlett must be the best judge of that.

15386. It was a good thing for Mr. Hewlett, was it not?—I do not think it was. I think that it had many disadvantages. Mr. Hewlett had to keep all his cargo here until it was all ready; he had to store it, and he had to pay extra insurance, and he had a great many disadvantages to put up with. He may have saved a little over it; I do not know whether he did or whether he did not.

15387. But if Mr. Hewlett, or somebody in Mr. Hewlett's position, never chartered and never tested the outside market, how would it ever be ascertained whether your rates were reasonable or not? Who is to settle whether your rates are reasonable, if the deferred rebate system acts perfectly in the way in which it is intended?—I think that the standard you have to go by, as to whether our rates are reasonable, is the price that is paid in other trades where liners carry on their business.

15388. Can you compare one trade with another?—You can to a certain extent; you cannot altogether, but you can in a very rough and ready way.

15389. Do you bring mealies home?—Yes.

15390. At a ruinous rate? Sir Donald Currie said they were brought home at a ruinous rate; what rate do you bring them at?—At 10s. per ton. I think Sir Donald Currie was right when he referred to the rate as a ruinous rate. When I call it a ruinous rate, that is, perhaps, rather a strong expression; but it is a rate of freight that certainly does not pay. I dare say your obvious and next question will be: If you did not get them you would come home with empty space?

15391. No; I am only curious to know whether it is a ruinous rate or not, and you now tell me that the alternative would be empty space?—I say, that is what has been urged in answer to our complaint that the rate is an exceedingly low and unremunerative one. The answer has been: If it were not for the mealies you would come home with empty space; but I say in answer to that: It is no use giving a starving man food unless you give him food that nourishes him.

15392. Is not the position in the South African trade really this, that it is mainly an outward trade?—It is mainly an outward trade. What I say with respect to the question of mealies is this—although we are carrying that stuff home at a very unremunerative rate, for certain reasons which Sir Donald Currie explained, we have agreed to do so in the interests of the farming community of South Africa; but the fact remains, nevertheless, that we are giving the opportunity to people to-day of sending their 10-ton lots and 50-ton lots of mealies home to London at 10s. per ton, when, as you know, probably, the River Plate rate for carrying the very same article in 5,000 or 6,000-ton steamers is somewhere in the region of 17s. 6d.

15393. To-day?—To-day.

15394. But it was not six months ago?—I am talking of to-day; I am talking of what we could do with our steamers to-day, and the sacrifice that we are making.

15395. You can send them to the Plate?—We could send them to the Plate where we should get 17s. 6d. for full cargoes.

15396. But that would be interfering with other people's business?—No, it would not—not in the River Plate trade, which, as I dare say you know, is a perfectly open trade. There is no Conference in the homeward trade from there.

15397. If you develop a homeward trade from the Cape or Natal, I suppose that would ease the outward rates, or might do so?—If you could develop a homeward trade which would be remunerative it certainly would; but I do not think you could call a 10s. rate for mealies a reason why outward rates should be reduced.

15398. My point is this, that if by giving a low rate now you succeed in developing a big export trade from South Africa to England, does that not mean that instead of having to raise all your dividend upon the outward freights you would be able to distribute the burden between the outward and the homeward freights?—That naturally follows.

15399. And that might ease matters a great deal with the commercial community out there?—Yes, it might in years to come; but I think that the time is very far distant, as far as I can understand at present. We have had evidence on the other side that the wool shipments are increasing, and they are very hopeful that the export trade of South Africa will steadily improve.

15400. Just one word in conclusion in regard to the quantity of tonnage in the South African trade. Is there a glut of tonnage in that trade?—A question like that is very difficult to answer. I can only answer the question from my own standpoint. A great deal has been said on the question of too many steamers being sent out. We have reduced our sailings; five years ago, I think, we numbered about 38, and we have reduced them down to 31 or 32. But some of our steamers are rather small steamers, and the very slightest turn in the condition of the trade would fill those steamers. Yesterday we sent a steamer away with only 80 tons of room. It is true that that steamer got some special machinery from the North, but the fact remains that we nearly filled that steamer. The previous steamer only had very little more than half what this steamer has gone away with. So you see how difficult it is to cater for the trade. One steamer gets just half the quantity of cargo that the next steamer gets, and we never know when a steamer comes on how she is going to fill—whether she is going to be half-full or three-quarters full or entirely full.

15401. Is the Houston Line still running to the Cape?—I do not think the Houston Line have dispatched a steamer for many months—I do not know how many.

15402. What has happened to them?—I think Mr. Houston finds that he can employ his steamers very much more profitably in other trades.

15403. That rather looks as if there were too many steamers in the Cape trade?—Well!

15404. If Messrs. Houston, after fighting their way in at an enormous loss have not for 12 months taken advantage of the trade it does not look as if it was such a good thing?—It does not; I think that is self-evident. I quite agree with you.

15405. There is no room for tramps?—Certainly not.

15406. (*Mr. Reeves.*) You spoke of special concessions granted to the Governments on the shipments of material outward; what would be the rate for concessions on rails and railway material?—In regard to the rails, I should hardly say that there was any concession, because rails you cannot compare with anything else. It is only the Governments that ship rails and, therefore, we have no special rate regulating rails. I think if a merchant were to come into the market with, say, 20,000 tons of rails, as for instance, the Governments are in the habit of doing, we should give that merchant the same rate for those rails. The advantage which the Governments get on their other stuff varies; in some cases it varies from 10 per cent. to 20 per cent. off the merchants' rates.

15407. The same remarks would apply to war *matériel* and military stores, would they not, because the Governments there, again, are the only shippers?—Yes.

15408. Rails and military stores are very large portions of Government shipments, are they not?—Rails form the largest proportion.

15409. And the military stores are considerable at times?—At times; of course, during the war they were enormous.

15410. They are two very important branches of the Government business, so that you cannot positively say that the Governments do get any distinct concession?—No; and I do not think they do, because, as I say, the Governments are shippers of enormous shipments of railway material, and that is not a material that the merchants ship at all. If the merchants were to come into the market with a similar kind of material, I see no reason why they should not get a rate somewhat approximate to that of the Government rate. *Mr. J. Byron.* 18 *Feb.* 1908.

15411. I think, then, you will admit that on a very considerable portion of Government business, namely, railway material and military stores, it cannot be alleged that they get any definite concession as compared with private persons?—They get no appreciable advantage

15412. (*Chairman.*) I am rather puzzled at that, because I think you told me that, as regards the goods shipped by the Governments, they were taken at unremunerative rates; surely, you do not generally charge unremunerative rates?—I think they may be called unremunerative to this extent, that we allow a 10 per cent. or a 20 per cent. reduction, as the case may be, off the merchants' rates. I say, to that extent they are unremunerative.

15413. (*Mr. Reeves.*) What are merchants' rates for military stores and railway material? How can you allow a 10 per cent. reduction off rates which do not exist if the merchants do not ship those things? There are no merchants' rates for them, are there?—There is no rate for military stores for the merchants, of course.

15414. And there is no rate for rails?—Rails do not come into that category of the 20 per cent. or 10 per cent. reduction.

(*Mr. Reeves.*) Then that expression of yours is misleading.

15415. (*Professor Gonner.*) Taking the particular use to which you have put shipments of rails, you would hardly agree to the expression that it is an unremunerative rate; it is convenient to have them, I mean?—Quite so. It is convenient to have at certain times a quantity of rails, and to that extent, of course, if you are not over-weighted with a very large quantity, it would be a wrong term to call it unremunerative in such cases.

15416. I should like you to inform me on one or two rather small points of fact. Taking the coast-wise trade, does shipping in South Africa by outside boats in the coast-wise trade forfeit the rebate on the outward shipments from England?—No, the one has nothing whatever to do with the other.

15417. Is the coast-wise trade quite separate from the outward and the homeward trades?—It is quite separate.

15418. And what is called "disloyalty" in those trades, shipping by outside vessels, would not affect the outward or homeward rebate?—It would not affect it in the slightest.

15419. Another small point; you heard Sir Donald Currie with regard to the question of chartering; in paragraph 16 of your memorandum it is put: "There "are shippers who elect to charter for their own ship-"ments. In doing so, it is true, such shippers are "not entitled to the commission in respect of any ship-"ments they may make by the liners." I understood Sir Donald Currie this morning to express the contrary opinion to that?—What did you understand Sir Donald Currie to say?

15420. A question was put to Sir Donald Currie this morning to the effect that, if merchants chartered steamers for their own goods, did they forfeit their rebate; and he said, or we understood him to say, that in his opinion they did not forfeit their rebate?—I cannot admit that.

15421. We have had the contrary statements made to us, I ought to say. Statements have been made to us by the shippers that they do not consider that by chartering for their own shipments they forfeit the rebate, and I think a question of fact like that ought to be made quite clear. You think they do forfeit?—That is so; I think they do.

15422. (*Chairman.*) You think that if a shipper charters for his own shipments he forfeits his rebates?—Yes.

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15423. Sir Donald Currie thought not?—The fact is this—it is such a very unusual thing that I do not know when it has happened.

15424. (*Professor Gonner.*) But still you have this man importing sugar machinery into Natal?—There is a case in point. He lost his rebates.

15425. You say he did forfeit his rebates?—Yes.

15426. You know that as a fact he did not get his rebates?—Yes; he did not get his rebates.

15427. A matter like that ought not to be a matter of opinion at all?—I might qualify that by saying that in the case of this particular ship in which this machinery was shipped the shipper scoured the market in order to obtain other cargo.

15428. Then he did not charter entirely upon his own shipments?—No. There was a sufficient amount of room left to enable them to collect together a further 700 or 800 tons of cargo, which was a distinct prejudice to the Conference Lines. What Sir Donald Currie means, I think, is this—that if a merchant were to come to the Conference and say, "I want to send out "an entire cargo of my own stuff and I am not going "to interfere with you, or I am not going to allow "other people to interfere with your trade"—I think then Sir Donald Currie means that in that case we should not say he had forfeited his rebate. I think Sir Donald Currie is right.

15429. (*Mr. Owen Philipps.*) But if a man put on a boat to carry sugar machinery for himself and then to fill up, put the steamer on the berth in competition with the Conference Lines then he would forfeit his rebate?—Yes, he would forfeit his rebate.

15430. As an opponent of the regular lines?—Yes.

15431. (*Professor Gonner*) In that case this memorandum is not quite correct?—No. I was just reading it, and it does not quite express the position clearly. It does say here that there are shippers who elect to charter steamers for their own shipments, and that in doing so it is true such shippers are not entitled to the commission for any such shipments. But we have never yet had a case in which a merchant has come to the Conference and said, "I intend to charter "a steamer entirely for my own cargo." I never remember such a case, but if a man were to come to the Conference and to say such was his intention, and there would be no interference, and he would not prejudice the Conference Lines by allowing other people to ship in that vessel and so deprive the lines of a certain proportion of cargo, I think Sir Donald Currie is right, and we would say in that case, "All "right; certainly you can do so."

15432. A point like that ought not be left surely with so much ambiguity. A man who chooses to charter for his own shipments ought not to have to obtain permission?—These are questions we should like to discuss and are only too willing to discuss with the Merchants' Committee, so as to get all these things put on a proper basis.

15433. That points, does it not, to the desirability of the contract or agreement being drawn with greater precision than has hitherto been the case?—Yes, it does, certainly.

15434. If I understood you aright, you did not object to the system which was proposed at the London Conference, of the Government making a species of agreement which should cover the cargo merchants? You know what I am alluding to; did you think that a disadvantageous method, or did you object to it?—The only thing I objected to in the proposal that was put before us was this, that the delegates from the other side—I am not talking about the Government representatives, but the delegates who come from the other side—did not express themselves as being able definitely to control the municipalities and other corporations in the event of such an agreement being made. My objection to that proposal was that unless these corporations and municipalities can be controlled so that they will undertake not to oppose the Conference Lines but to pay the agreed rate, whatever it may be, I did not see that it would have been possible to come to any agreement. That was one of the difficulties that confronted us.

15435. You did not think it was very practicable?—I did not think it was practicable, and the reason why I still think so is that only a few months afterwards I was talking to the Mayor of Johannesburg, and he told me, "Whatever you might have done, "I would not have agreed to pay you any definite "rate of freight that was settled by other people. If "we come into the market with 20,000 tons of pipes "we are going to get the lowest rate we can, and we "are not going to be bound by any arrangements that "any delegates profess to make."

15436. When a little time ago in your answer to the Chairman you alluded to the formation of a conciliation board which would represent both merchants and shipowners, I did not quite understand your attitude. Would you approve of such a conciliation board having compulsory powers of arbitration, or not? Of course, I understand you to approve of a conciliation board to talk over and discuss matters, and, if possible, come to some amicable arrangement?—Yes.

15437. Would you approve of powers being vested in it to appoint an arbitrator, who, failing mutual agreement, should fix rates?—My difficulty is in admitting the principle of a vendor referring to a tribunal a question as to what the prices of his wares were to be, that tribunal consisting partly of his own customers.

15438. I really am not urging one point or the other. You would not yourself agree with such a system?—I think it would be impossible to agree to that. There is no business in the world that is conducted on such a system, surely.

15439. Then adhesion to any such committee or conciliation board would be on condition that it had not any compulsory powers of arbitration?—Quite so.

15440. That it had no legal powers of compulsion?—Precisely.

15441. Now I will go to another point. You, I believe, were present at the meetings of the Commission in South Africa?—I was.

15442. You would agree, would you not, that the general impression which one receives from reading that evidence is that the existing Merchants' Committee, as a matter of fact, does not command the confidence of the South African importer?—Yes; that was certainly borne out in evidence.

15443. You can hardly describe it, can you, as being in actual fact representative of the trade? Of course by "representative" I do not mean that it is elected at a meeting to which all can come if they choose, but that it really represents their feeling, their interests, and their attitude?—I had some paper on which I jotted down some of the reasons which were given by some of the witnesses on the other side why they objected to it.

15444. I should very much like to hear it, if you have got it, because it seems rather an important matter?—I have just jotted down one answer. As I said to the Chairman, as I understood the evidence in South Africa, there was a general feeling of dissatisfaction at the composition of the Merchants' Committee. Why I cannot understand, for I thought myself that they were an essentially representative body. In the course of the evidence we found the junior partners of the firms on the other side hinting that the parent houses at home were an antiquated body, who desired to live at ease and not to trouble themselves about questions of rebates. One witness went so far as to say that he inferred that the merchants at home got some secret rebates which South Africa knew nothing of. That was one reason given; I think it was a serious aspersion, still there it was.

15445. That, I think, was a solitary expression?—Yes; but these gentlemen on the other side, peculiarly enough, while repudiating the action of the Merchants' Committee at home were the very loudest in complaint that the shipowners had not fulfilled the compact which the Merchants' Committee at home made for them.

15446. Do you yourself consider that the Merchants' Committee has effected very much on behalf of the trade?—I think the Merchants' Committee are a most representative body. They represent nearly all the biggest merchants here; I think one or two have withdrawn within the last few years, but I see

no reason whatever why it should not be made a representative committee, and I take it that that will be one object which will be taken in hand very promptly. There is no reason whatever why these different Chambers of Commerce and others in South Africa should not elect someone over here to speak for them.

15447. Did you read the evidence which we took from South African merchants here in England?—Yes, I have read that. I have read Mr. Soper's evidence and Mr. Dyer's evidence.

15448. Also the evidence from Mr. C. P. Smith and Mr. Tozer?—Yes.

15449. Does it not strike you as rather curious that Mr. Soper appears to be somewhat alone in attributing very much effective action to the committee on the matter of rates, and that the others did not think it effected much, especially in the matter of rates?—No, I cannot say that that struck me.

15450. Mr. Dyer, for instance, did not think it had been very effective. I wanted to raise this question, because I think it is very important in view of this point: Do you think that it is possible for merchants in a trade like the South African trade to have an effective Merchants' Committee which will do very much?—I do, most distinctly. I think that it would be quite easy to have a thoroughly representative committee, and I am encouraged to believe that that is possible by what has occurred in other trades. I believe that in the Australian trade they have established a very good working committee.

15451. Of course, that has not been long in existence?—No. Still, I understand they have had a few months' experience of it, and the result has been very satisfactory.

15452. But you have noticed that out in South Africa there is no confidence, or very little confidence, expressed in the committee?—That is so.

15453. And even if you refer to our evidence here in England, some of the large merchants like Mr. Dyer, for instance, who, I understand, is a very large exporter——?—Yes.

15454. Do not attribute very much effect to the action of the committee. In view of that, is not some doubt thrown on the efficiency of these committees?—Undoubtedly. The very fact of your having evidence of that kind does throw a doubt upon it, but surely that can be remedied by extending that committee and inviting people to come on to that committee to represent that section who, at the present moment, consider they are not properly represented.

15455. In South Africa you have to deal, have you not, with the question of people who are very near the consumer, and who take a rather different attitude from the merchants, do they not?—Yes, that is so. In Johannesburg, for instance, we had evidence there that no tribunal, or no committee, would be satisfactory to them that was not held in South Africa. That, of course, is an impossibility, unless they have their own steamers.

15456. That is impossible then?—It is impossible.

15457. At the same time, do you not think that there is something in the argument that the chief interest of the merchant or agent is in having equal rates, and that the chief interest of the consumer is in having low rates?—Undoubtedly.

15458. Might that not explain, in your view, a certain divergence of opinion between South Africa and England?—No, I do not think so. My experience of the evidence taken in South Africa is that there was a good deal said about the consumer, but that we had very little evidence from men who were only consumers and not importers.

15459. So that you do not think that that was borne out in South Africa?—I do not think so.

15460. May I turn to quite another point? The Chairman was examining you with regard to the German shipments by weight; would that affect a large quantity of goods from Germany? I know what you said of through rates, that it did not affect a large quantity, and a certain proportion of those through-rated goods would necessarily go by weight even if taken at the ports, would it not?—Quite so.

15461. Would there be a large number of shipments in which the change from a measurement rate to a weight rate would be great?—No. I do not think it would be a large number. As you point out, a considerable quantity of the cargo that comes from the inland towns in Germany is from the iron manufacturing districts, and would go at weight in any case. It is when you come to deal with such goods as bentwood furniture that the difference comes in.

15462. Furniture would go by measurement rates, I suppose?—It would go at a measurement rate if it came from the port, but I am in doubt in my own mind whether they could not compel the German Line to take it on the weight rate in accordance with the contract they have with the German Government if it came from an inland town.

15463. Would not nearly all the iron goods go at the weight rate in any case?—Yes, nearly all the iron goods would go at the weight rate.

15464. So those would not be affected by the system?—Those would not be.

15465. Only a very small portion of the trade would necessarily be affected then. Turning to the action of the rebate, what would be the position of a man out in South Africa who bought from people who were importing into South Africa, and who also himself was ordering from England? Supposing he bought goods from an importer who had sent them by outside vessels, would he lose the rebate on his own trade?—Certainly not—not if he bought them in the market after they had been delivered.

15466. Not at all?—Not at all, of course. He would have to be in some way an agent in the importation of the goods to place himself in that position.

15467. He would not be counted as being indirectly interested in the shipment at all?—No, certainly not; that is, if he bought the goods on the spot.

15468. With regard to your reference to tramps and intruding liners, do you distinguish between tramps and intruding liners?—No, there is no distinction; the one is quite as much an opposition as the other.

15469. But you cannot call one fitful, can you?—Yes. If a liner, for instance, out of another trade encroaches upon your trade for the time being, he is a fitful opponent.

15470. If a line is coming in to a new trade and is going to give regular services, you would hardly call that fitful, would you? I understood your dislike, a natural dislike, to tramps was because they would come in when it was favourable, and they would not come in when it was not favourable?—But would that not be the position of the opposing liner?

15471. Not exactly, if it is going to come regularly into the trade?—But he would be an opponent.

15472. He would be an opponent?—And therefore we could not treat him in any other light than that of an opponent.

15473. Then your opposition is rather because they are opponents, and not because they are fitful?—I was only illustrating the fitfulness in describing the tramp; but take, for instance, Mr. Houston—he came in with a fleet of liners, but he was an opponent, and a very strong one.

15474. And he was not going to be fitful?—No, he was not.

15475. So your opposition is not really inspired because it is fitful?—Not necessarily.

15476. But because it is opposition to your interests?—That is so. I was only applying that term "fitful" to the tramp.

15477. In your experience do you think that you can ultimately withstand a line which wants to force its way into a Conference?—Not if it is strong enough.

15478. That necessarily stands; of course, if it is strong enough it will get in?—Yes.

15479. Is there much knowledge on the subject of lines trying to get into trades and not being able to get in?—We had a very serious conflict somewhere about

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the eighties. In the last half of the eighties, the firm of Suter, Williams & Co. came into opposition, and started a line of steamers. The consequence was, that rates were gradually reduced, and they eventually came down somewhere into the region of 7*s.* 6*d.* or 12*s.* 6*d.*

15480. Yes, I remember?—With the result that the firm gave up the fight. But in Messrs. Houstons' case it was different.

15481. And in Bucknalls' case, I suppose, it was different?—Bucknalls came in really without a fight, because they came in to displace others.

15482. There was a fight at the time going on, was there not?—It was scarcely a fight.

15483. Rates went down; they were lowered on that ground, were they not?—No, I do not think so.

15484. Not?—They came in under different conditions. They came in and displaced some steamers that were being loaded by two firms of brokers who have, since Messrs. Bucknall came in, acted as their loading brokers.

15485. Of course, Bucknalls' was a bigger line than that which they were displacing?—Yes it was.

15486. I suppose we might say that the entry of Bucknalls into the trade distinctly improved the facilities offered to South Africa?—Yes, it did at the time they entered.

15487. Then the opposition to their entry—such opposition as was offered—was opposed to the interests of trade? If you remember, there were certain conferences?—Yes.

15488. And such opposition as was threatened would have been against the interests of South Africa?—In what way against the interests of South Africa?

15489. If it was the interest of South Africa that they should be included in the Conference, it would not be in the interest of South Africa to exclude them, would it?—I see what you mean; it was to the interests of merchants, generally, that the line came in?

15490. Yes?—Undoubtedly, that was so.

15491. Therefore, such opposition as was threatened at the time was opposed to the general interest?—That is so, and they eventually came in without opposition.

15492. Do not these instances I have been putting to you point to something of a monopoly, yet I understood you to say there is not a monopoly?—There is not a monopoly in the sense that a man is not able to free himself.

15493. Do you mean there is not a complete and absolute monopoly?—That is what I mean.

15494. Would you not say there is a very effective though partial monopoly?—I would not deny that there is something of the nature of a monopoly; that goes without saying.

15495. (*Chairman.*) I suppose you would agree, would you not—it seems to me self-evident—that the very object of the deferred rebate system is to create a monopoly?—Undoubtedly it has that tendency.

15496. (*Professor Gonner.*) But it is put in the memorandum that you have not a monopoly, and that is the point I am raising with you. It is not a very lucid way of stating the actual facts. You do want a monopoly, or a partial monopoly?—Yes, only my point is this—look at the experience of the last few years; the very fact that Messrs. Jaggers and a number of other merchants went from the Conference Lines and supported Messrs. Houston, and the fact that Messrs. Hewlett in the last two or three years chartered on their own account, clearly show——

15497. (*Chairman.*) That it is not in fact an actual monopoly?—Quite so.

15498. But you agree that the object of it is of course that?—Quite so. I do not think that this rebate system is at all an ideal system, but it is the best that the shipowners can devise.

15499. (*Professor Gonner.*) I suppose that one of the claims for the rebate system is that it gives you a stable and maintained rate of freight?—Yes.

15500. Have there not been a great many rate wars in the South African trade during the last 15 years?—Not very many. I have described the one with Suter, Williams, and the one with Houston; those were the only two serious ones.

15501. There was one, was there not, with the United States?—There was a rate war on there for many years, but of that I cannot give you very much detail, because I am not in the American trade.

15502. Does that not destroy part of the advantage which is offered by a rebate system? It sets out to secure a stable and maintained rate of freight, and yet you find rate wars occurring, and sometimes rate wars between England and a foreign country, which are the worst kind, of course, for the English merchant?—Of course, as soon as opposition comes in, the rebate system ceases to be effective. As you say, the system does not provide absolute security against opposition, when opposition comes on a war of rates ensues.

15503. Do you think that the system does really provide what one would call satisfactory security against inequalities of rates (that is the point I was really coming to) as between different places and different countries?—I would not go the length of saying that it does between different countries, because the war of rates in America is a clear illustration that it does not; but I think, as a general rule, it is the most effective means that the shipowners as a community, have been able to devise.

15504. At any rate, it may be very disadvantageous to the trader who is held by it, may it not, if the difference is against him, I mean?—Under certain circumstances it might be so.

15505. We should agree that the desire of the merchant or shipper that he should have as good terms as any other shipper, is frustrated if shippers in other countries get better terms than he does?—To that extent, yes.

15506. Therefore, this system, if there are many rate wars and frequent rate wars, has one inherent weakness, has it not?—Yes. We are not immune from opposition at any time. We had, of course, the great conflict that took place with Messrs. Houston, and we may have another next week—it is quite impossible to say.

15507. You may have it with foreign countries; you may have it with Germany, for instance?—Undoubtedly.

15508. You have no agreement there at the present time?—We have no agreement except an understanding.

15509. There was an understanding, I know?—The understanding, which I explained to the Chairman, is nothing more nor less than an honourable understanding that the rates of freight shall be maintained at all the ports on the same basis.

15510. That does continue?—It has continued, and does continue up to the present.

15511. It has continued after Sir Donald Currie told us that the agreement terminated—last year?—The agreement terminated, I understand, at the end of last year, but the rates of freight have been maintained, and I believe there is an honourable understanding that they shall continue to be so with a possibility of some new arrangement being made.

15512. In stating that there is no agreement, at the same time, he merely meant that at this particular moment there happens to be no written agreement?—Quite so.

15513. But you inform us that there is an understanding which possibly may form the basis of a new agreement?—Do not run away with the impression that there is a breach; there is nothing of that kind.

15514. But the agreement is terminated?—Simply the contract which did exist has run out, and at the present moment there is no contract existing, but there is an understanding that the rates of freight shall be maintained.

15515. Is that embodied in documents or letters?—No.

15516. But it is quite accepted?—It is simply an understanding.

15517. Accepted on both sides?—Yes.

15518. And you think that it may eventuate in a new agreement?—I think that is most likely.

15519. So that we may look on the absence of an agreement at the present time as possibly a transitory phase?—Quite so.

TWENTY-FIFTH DAY.

Tuesday, February 25th, 1908.

PRESENT:

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

Lord INVERCLYDE.
Sir HUGH BELL Bart.
Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
Mr. H. BIRCHENOUGH, C.M.G.

The Hon. W. PEMBER REEVES.
Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. W. H. MITCHELL.
Mr. OWEN PHILIPPS, M.P.

Mr. T. A. WEBSTER, *Secretary.*

Mr. JOHN BYRON, recalled and further examined.

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15520. (*Professor Gonner.*) To what extent are parties other than the Governments or the municipalities allowed to ship on special terms for large shipments?—Outside the Governments there are no shippers—there is not even a municipality—who are allowed, at this present moment, to ship at special terms.

15521. Then, that state of things has been abandoned?—That has been abandoned.

15522. But formerly, at the time when inquiries were held, it was the case, was it not, that municipalities and certain large corporations obtained special terms for large shipments?—Yes. There were preferential contracts with municipalities, and with the Rand Mines, De Beers, and others, but as these contracts fell in, they were not renewed. I may say, that years ago, when the shipowners made that contract with the Rand Mines, they did not appreciate the fact that it was going to be a serious interference with the ordinary shippers. They formed the conclusion that constructive work for mines, and material that did not come into the market for sale, was not detrimental to the general shippers. When it was found out—as it was found out by myself two years ago when I visited Johannesburg, and when two of my colleagues, Mr. Staveley Taylor, of Liverpool, and Mr. Edward Lloyd, of the Bucknall Line, visited Johannesburg—that this giving of preferential contracts was a very serious matter to the shippers, we sent home a very urgent telegram, and got our colleagues at home to refuse to renew the Rand Mines' contract. Since then, I notice that this matter has been rather forcibly brought out in Lord Selborne's Memorandum, and with your permission I will just read from page 34 of Lord Selborne's Memorandum. He says: "The deliberate "policy of the mining industry established community "on the Rand by placing with local merchants every "order that could be so placed, instead of buying from "home, not solely on the ground of cheapness, but "because the establishment of a strong commercial "industry was a wise and patriotic policy." I say, therefore, that since the shipowners understood the position, they have resolutely declined, up to this present moment, to give preferential rates to these bodies. We are doing that at very great risk to ourselves. I instanced last week the fact that Messrs. Hewlett, who commanded a large quantity of machinery, declined to ship by the Conference Lines, and took their own course. Therefore, you will see that the resistance, which we have given to the demands for granting preferential rates to certain shippers, has been attended with great risk to ourselves. That is one of the questions which I hope we may have an opportunity of discussing with the Merchants' Committee. It is in our mind quite a matter which should be brought under the notice of a merchants' committee; and when we get into a difficulty of this kind, if we had a merchants' committee such as they have, for instance, in the Australian trade, we could then discuss it with them and see under what circumstances we might be able to arrange these matters; but up to the present time, I may say, that we have resolutely declined to grant these preferential rates.

15523. Then, you would consider that the clause in Sir Donald Currie's letter, of May 23rd, to Mr. Garland Soper, should have some statement, such as that which you have given to us, added to it. On page 7 of the Appendix, section 5, you will see, "The rates "quoted above are for merchants' cargoes. They do "not cover what is termed contract cargo or Govern-"ment shipments. By contract cargo, I mean con-"siderable quantities which may be put up to public "tender, such as shipments for corporations, muni-"cipalities, and others"?—It may be inferred from my statement that the position, as I have shown, which the shipowners now adopt, is a little different to Sir Donald Currie's statement, but it nevertheless is the fact. Sir Donald Currie, who, of course, as you might imagine, is not acquainted with every detail of the business, may not be aware that we have resolutely declined to agree to these demands for special rates. This question, I may mention, was very seriously discussed at the meeting at the Colonial Office, when the Conference was held at the end of 1905. Part of the proposal which was brought forward, was, that not only Governments, but municipalities and other bodies should all, if it was possible to come to an arrangement with the shipowners, pay the established rate. We questioned the gentlemen who came over, Messrs. Hosken and Jagger, as representatives of the South African shippers, as to their authority for binding municipalities and others; and the answer was, "Oh, "well, that will be all right; we shall get them into "line." But, as a matter of fact, on visiting Johannesburg, a few months afterwards, I spoke to the then Mayor of the town and asked him whether, in the event of the shipowners being able to come into line under the proposals that had been made, the Municipality of Johannesburg, for instance, would be inclined to pay the rates that were agreed. His answer was, "I think the Municipality of Johannesburg will take "care of itself, and when it has a large quantity of "stuff to ship, I think it will take its own course and "not be controlled by anybody."

15524. Sir Donald Currie reserves the right, of course, to enter into a special contract with them in that letter?—The language Sir Donald Currie uses does seem to imply that; but, as a matter of fact, we have not done so, and to-day we are acting in the manner which I have described

15525. If large waterworks were in the process of erection, or any big undertaking of that kind, do you mean that at the present time they would not be able to obtain special rates for their shipments?—At the present time they would not be able to do so. As I say, we are carrying out that policy with great danger to ourselves, because it is really courting opposition. That is one of those things for which we are very anxious to get a merchants' committee, or a representative committee properly constituted, in order that we can go to them and discuss these matters, and decide what is to be done in the event of this demand being made upon us.

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15526. (*Chairman.*) But there is no definite agreement between the owners of the Conference steamers and the Merchants' Committee as to this, is there?—There is absolutely no agreement at all, and as you may have read in the correspondence, the Merchants' Committee have declined to meet the shipowners until this Royal Commission has finished its work.

15527. On this point there is no definite agreement, then?—There is no definite agreement at all.

15528. (*Professor Gonner.*) The danger to yourselves is, that people having a large amount of stuff to send out in regular shipments, might perfectly well make a contract with other lines or with tramps?—Undoubtedly; that is the danger.

15529. And that, of course, you wish to safeguard yourselves against?—Naturally

15530. I suppose, looking at your case as presented in the Memorandum submitted by the shipowners engaged in the South and East African trade, part of your case is this, is it not, that the greater security which is given to the Lines has enabled them to develop their tonnage and to build larger and better cargo-carriers?—Undoubtedly; so as to meet the times.

15531. Has that tended, in your opinion, to an increase in the size or in the capacity of the cargo steamers?—Not necessarily so; but the general trend of affairs in shipping matters over the past few years has been the ever-increasing size of vessels. Whether you apply it to the liners or whether you apply it to the tramp steamers, the principle is the same—there is an ever-increasing size of vessel.

15532. And you do not think it is more marked in liners than in tramps?—It is certainly not more marked.

15533. Have the tramps increased their capacity in equal proportion, should you say?—I think, perhaps, we might say even more so. There are tramps of 8,000, 9,000, and 10,000 tons. Of course, you may say there are the "Mauretania" and the "Lusitania."

15534. We will leave those out. I suppose carriage is cheaper under such conditions, is it not?—I think that carriage generally would be cheaper with the larger-sized vessels, if you can fill them.

15535. On the one side you have the fact that if full they can carry at a cheaper rate, but on the other side you have the risk, of course, that they may not be full; is that not so?—That is so.

15536. How far, in your opinion, would the secession from the Conference of one important line tend to destroy the Conference?—Do I understand your question to be—If one line were to break away and go out and become opponents, what would be the effect?

15537. Yes?—The effect would be the same as if an opposition came in.

15538. Except that the line is there?—Yes; but if a line broke away and determined to act upon its own initiative, and adopted a course which was detrimental to the interests of the others, it would naturally bring about hostilities.

15539. I mean this: Do you think that the Conference can maintain itself if there is a powerful outside opposition?—I hold to the opinion that if a powerful line has the courage and the money to risk, the chances are that they could break into any Conference.

15540. In other words, the power of the Conference to maintain itself depends upon its control, we might say, of nearly all the regular tonnage in that trade?—Yes; and it depends, of course, as I say and maintain, on the reasonable attitude which we take up and the moderation of our demands.

15541. (*Mr. Birchenough.*) I think you accompanied the Sub-Commission to South Africa?—Yes, I did.

15542. In the course of your visit you acquainted yourself with the present state of feeling in South Africa?—Yes, I think I did.

15543. Did you gather, while you were there, that the people in South Africa, rightly or wrongly, took the same view of rebates as Sir Donald Currie takes? Perhaps, I should explain—they do not regard them as he does, as an act of grace, but as an addition to the freight, to the return of which they have a right—is that not so?—That has been repeatedly urged. I have no doubt that you would scarcely find a shipper who was willing to admit Sir Donald Currie's contention, although I think it is generally understood, or has become understood of late, that it really is not part of the freight, and that it is nothing more than what is contended, namely, a commission. But you would scarcely expect a merchant, perhaps, to agree altogether with that contention; there it is, nevertheless.

15544. May I put it in this way: The shipowners regard the return of the rebate as an act of grace, and as the price which they pay for the keeping their connection together?—Quite so.

15545. Whereas the merchant, rightly or wrongly, has come to regard it as, in fact, an addition to the freight, which is deducted if he remains loyal to the Conference?—That is the contention of what I may call the hostile merchants who have expressed strong disapproval of the shipowners. Taking the large majority of people, who are perfectly satisfied I am quite sure with the present condition of things, I really do not think they bother their heads about whether you call it commission or whether you call it an act of grace, or whether you call it this, that, or the other; I never hear the thing discussed.

15546. I am not arguing the question: Did you find that they regarded the reduction of the rebate from 10 per cent. to 5 per cent. as a concession to their views?—No. On the other hand, they were not pleased with the abolition, inasmuch, as they said: "Although we might admit that it only gives you, the "shipowners, one-half the hold that you hitherto "retained, at the same time it means that we are 5 per "cent. worse off."

15547. (*Chairman.*) And that is so, is it not?—Undoubtedly.

15548. (*Mr. Birchenough.*) Do you attach great importance to the rebate—to the commission, we will call it?—We do attach the greatest importance to it. We do not believe that we could carry on our business unless we had some restraining influence of that kind over these people who are always on the look-out for an opportunity to create trouble on the off-chance of being able to do something better than their neighbours.

15549. Then, you would say this reduction from 10 to 5 per cent., coupled with the shortening of time, *pro tanto* slackens your hold?—Undoubtedly, it does.

15550. You do not think, I gather, that the position of affairs in the South African market—the excellent service you give, and the fact that there is very little temptation for others to come in—gives you a sufficient hold without some other means of support?—I am quite sure it does not. I am quite sure that we could not carry on our business without we had some hold of that kind. I believe myself that 90 per cent. of the people with whom we do our business are quite willing to give their whole-hearted support to us under any circumstances—rebate or no rebate. It is due to the small percentage of people, who, as I say, are always on the look-out for creating trouble on the off-chance of something arising out of it which may be of advantage to themselves; and that class of people, unfortunately, although small in number, are such that there would be no security whatever for us to continue our business if we did not have some restraining influence of this kind.

15551. May I take it, that the Conference is anxious to make the rebate system work as smoothly as possible?—Undoubtedly. I feel quite confident that we all are, and that we would be only too anxious to meet the Merchants' Committee, and to see if we could devise some satisfactory arrangement so as to decide in the case of a question, say, whether rebates are forfeited or not, what plan we shall adopt in order to put all those matters on a satisfactory basis.

15552. You will remember that in 1905-6 in London we discussed various plans for improving the working of the rebate?—You did.

15553. I take it, you are still of the opinion, which I think you expressed then, that the Conference would accept any scheme which would legitimately meet the views of the merchants?—I feel quite certain of it. May I just mention, while you are on that question of the rebate, that there is a matter which I should like to impress upon the Commission as being a very serious one for the shipowners? If the rebate system was debarred to British shipowners, that would put it in the power of the German Lines to compel shippers from

the Continent to confine their shipments exclusively to the German steamers under penalty of sacrificing their rebates. That is a very important thing. Let me put it in another way, if I may: Supposing the rebate system was abandoned in England, and that the German Lines—take, for instance, the German Line trading to South and East Africa—were to issue a notice that only shippers who confine their shipments entirely to German Lines would receive a deferred rebate, not only Continental shippers but British merchants would eventually be forced to confine their shipments entirely to those German steamers, simply for the reason that they cannot afford to wait, perhaps, for an English steamer, or they may want to ship to ports to which the British steamers do not run. I think that is a very important point. There is no doubt that the policy of the German Government is to increase their maritime trade. German ports for German steamers, I am quite sure, is the policy, notwithstanding that the trades between German ports and our British Colonies have been created by British shipowners. I think that that is no doubt what we have to face to-day. I thought that was a matter which I should like to bring forward for the serious consideration of the Commission. I may say, that in making this statement I do not for one moment wish you to infer that our German friends are doing anything but what they are entitled to. I am pleased to say that our relationship with the Line which we have been working with has always been most friendly; and although they are keen opponents, they are very honourable opponents. I do not wish to say anything at all to imply that I have a complaint to make against them.

15554. I take it, from the South African point of view, that the concessions which have been made from time to time by the Conference rather lose their grace by being made by the Conference off its own bat, without consultation. I ask you whether the Conference would prefer that one-sided action, or whether it is prepared to enter into co-operation with representatives of South Africa and the merchants to make all such changes in combination with them?—I think that is the great desire which the shipowners have. The reason why we have not been able to confer with them and to act in concert with them, as I mentioned just now, has simply arisen from the fact that the Chairman of the Merchants' Committee declined, and has declined to meet the shipowners while the Royal Commission is sitting.

15555. But the Conference is prepared to deal with any really representative body?—Undoubtedly. We are very desirous that a representative body should be created that we could deal with. I have one or two matters that, perhaps, I may have an opportunity of referring to, showing how very necessary it is that such a body should be created, and that we should have an opportunity of conferring.

15556. You would consider that that is the way of peace, so to speak?—Undoubtedly.

15557. All matters, whether relating to rebates or to rates or to classification, would come within the purview of such a body, I take it?—Yes. I made a reference to the German question just now; might I mention that it is referred to on page 25 of the Shipowners' Memorandum, which says: "If the rebate "system were made illegal here, there could be nothing "to prevent British merchants from making contracts "abroad, under rebate conditions and at the expense "of British shipping. Foreign trade under foreign "rebate systems would be closed to British shipping, "while on the other hand, British trade with rebates "abolished would be entirely open to foreign ship-"owners." That is the point that I referred to.

15558. So, I may take it, that you are open and anxious for an amicable settlement with the representatives of the South African body?—Undoubtedly—as a consultative body; not, of course, in the sense that has been put forward, that they are to have the right to say to the shipowners what the shipowners' rates are to be.

15559. You do not want to put it on the other leg—I quite understand that. You do not pin yourselves to the existing Merchants' Committee or to any other merchants' committee, do you?—Not at all.

15560. What you desire is, a strong representative body which can confer with you on these questions?—Undoubtedly, that is our desire.

15561. I want now to ask you one question with regard to what are called preferential rates. I quite understand that the Conference does not wish to give one shipper a preference over another shipper?—That is so. *Mr. J. Byron* 25 *Feb.* 1908.

15562. But outside that, there is a class of business which differs, namely, where special shipments have to be made, where it is not a merchant but where it might be a company, it might possibly be a municipality, making a shipment of a large quantity of machinery or a large quantity of produce of any kind, which they would not probably take again. Are not such shipments occasionally put up to tender?—They are. As I say, this points to the great necessity of the shipowners being able to confer with a representative body representing the merchants as to how they should act in those cases. I have explained that for the last 18 months, I think it is, or two years, finding as we did the great objection there was to these preferential contracts, we have resolutely declined to grant this preferential treatment to anybody. I may say, that I have no knowledge, at this present moment, of any special contract running, except that contract that we hold with the Governments. There are contracts running, but those contracts are based on exactly the same terms being granted to other shippers as have been granted in those cases.

15563. That is to say, the same terms for similar shipments?—Not only the same terms for similar shipments, but the same rates of freight for any quantity of cargo. That is our difficulty to-day, and we are carrying that principle out with great danger to ourselves.

15564. You are speaking of continuing contracts, are you not?—Yes.

15565. Your policy is not to enter into continuing contracts with the Rand Mines or De Beers?—Not at preferential rates. We would make a contract with them, but the rates that we agree shall be the rates that other shippers shall have the advantage of.

15566. Supposing that I were to put up some works in the Transvaal, and had to ship a large quantity of machinery which I should never want to ship again; the one transaction would complete my business, but I could give you 10,000 tons or 5,000 tons; surely your policy would not be to refuse me a special rate, would it?—You would put us in a dilemma. Our policy at the present moment would be to say to you, "We are "sorry; we shall not give you a lower rate than "we give to other shippers of the same class of "machinery." We have resolutely carried that policy out up to the present time, but with great danger to ourselves; and we are hoping that we may have the opportunity of having a representative shippers' or merchants' committee to deal with, so that we can confer and know how to act when these matters come on.

15567. (*Mr. Owen Philipps.*) I want to ask you a few questions bearing on the evidence you gave at the last meeting of the Commission. With reference to Bucknall's opposition and their eventual entry into the South African trade, you stated in answer to Question 15486 that it did at the time improve the facilities offered to South Africa?—Yes, it did at the time.

15568. Is it not the case that the Conference Lines to South Africa did at that time provide, and have since provided, sufficient tonnage to meet all the reasonable requirements of the South African trade?—Yes. They always have provided sufficient tonnage to meet the requirements.

15569. Therefore, the admission of Messrs. Bucknall did not lead to more tonnage being introduced—I mean, there would have been sufficient tonnage in the trade provided by the other members, even if Bucknalls had not been admitted?—Undoubtedly; only Messrs. Bucknall came in at a time when the trade was a very increasing one in consequence of the development of the mining industry in South Africa, and, of course, to that extent the trade did benefit by the introduction of their boats. But if Messrs. Bucknall had not come in, there would have been other steamers provided.

15570. You mean, that if Messrs. Bucknall had not come in, the Conference or others would have provided the tonnage?—Undoubtedly, they would have provided sufficient tonnage to meet all the requirements of the trade.

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15571. In the answer to Question 15489, you stated it was in the interests of merchants generally that the Line came in; do you mean, that it was in the interests of merchants that the Line came into the Conference, or do you mean that it was in the general interest that another Line came into the trade?—It was in the general interest of a certain section of merchants, because a certain section of merchants were responsible for bringing them in. That was my meaning—that a certain section of merchants who were responsible for bringing them in, naturally, did consider it an advantage that that Line should be introduced.

15572. You mean, so that they should have the benefit of equal rates all round; is that it?—They did have the benefit of equal rates all round.

15573. Is that what you mean, that it was to their interest for Bucknalls to come in? You say it was "to "the interests of merchants generally that Line came "in"?—Let me read the question again. (The witness referred to the Minutes of Evidence.) Will you put your question in another way; I do not quite appreciate it. The Bucknall Line came in at the instigation and with the support of a certain section of the merchants; therefore, I take it that my answer was strictly correct when I said, that it was in the interests of merchants generally that the Line came in.

15574. Why? Was it because after they came in you had stability of rates again?—I am not quite sure, but I think that the original idea was, that the Bucknall Line would be brought in to run at competition rates with the existing Lines. That I presume was the original idea, but it was not carried out—there was no breaking of rates.

15575. (*Chairman.*) That was the idea of the merchants?—I think that might have been the idea of the merchants.

15576. (*Mr. Owen Philipps.*) You have stated in evidence that it was in the interests of merchants generally that the Line came in, and what I am trying to ascertain from you is, in what way was it in their interests? Was it in their interests because it made equal rates?—It was to the interests of the merchants in this way: As I say, that trade at that time was an ever-increasing trade, and there was an immense quantity of mining machinery going out to South Africa. Messrs. Bucknall, as I say, at the invitation and express wish of a certain number of merchants, said: "We will provide for you a fleet of suitable "vessels to run the cargo to South Africa." Inasmuch, as previously to the entry of Messrs. Bucknall's Line, a good deal of that rough cargo had been carried out by chartered steamers (which the merchants considered was an unsatisfactory state of things, as they never knew which kind of ship they were going to have), that is the reason why I maintain it was to the merchants' interest that the Bucknall Line came in.

15577. Again, in answer to Question 15491 you state that such opposition as was threatened at the time was opposed to the general interests?—Yes, undoubtedly. The threatened opposition of Bucknall's was opposed to the general interest of those that were in the trade. That naturally follows.

15578. Is it not the case that all opposition to Conference Lines is in the long run opposed to the interests of merchants?—You are speaking of the interests of merchants?—

15579. I am asking you this question: Is it not the case that all opposition to Conference Lines is in the long run opposed to the interests of the merchants?—I believe it is opposed to the true interests of the merchants, because the result of an opposition is to create chaos, and, therefore, very seriously to interfere with the legitimate merchants' business.

15580. At Question 15494, you state that there is something in the nature of a monopoly in the present Conference system; is it not the case that within a Shipping Conference there is very keen competition among the members?—Very keen, indeed.

15581. Both as to regularity of sailings——?—In every way—the keenest competition.

15582. And as regards the steamers?—As keen a competition as you could possibly have if we were absolutely in opposition to one another.

15583. And also as to who handles the cargo best?—We all vie with each other in trying to please the shippers, and to give them the best service that we can.

15584. Is there not competition also as to which company can have the best *personnel*—officers, &c.—so as to ensure safety of navigation?—I think we all think we have the best *personnel*.

15585. You all endeavour to have. Then, at Question 15502 you stated that the rebate system does not provide any security in case of a rate war. Is it not the case that the rebate system greatly reduces the number of rate wars by discouraging casual opposition?—Undoubtedly. My opinion is, as I told Mr. Birchenough just now, that if it were not for the rebate system we should be continually at war; the trade would be in a chaotic state continually.

15586. Is it not the case that the tendency of Conferences has also been to make the English freights, the American freights, and the Continental freights as near as possible the same?—Our desire has been always to try and assimilate the one to the other. Of course, during the American war of rates that was impossible.

15587. (*Mr. Maddison.*) It is your evidence, is it not, that the South African trade could not be carried on with free competition?—That is my belief.

15588. So that you require restraint of trade in order to carry on your business?—You may call it by that name, but we scarcely give it a name like that. We prefer to call it, such as it is, a consideration.

15589. You call it a monopoly; you give it the right name?—A partial monopoly. The words were put into my mouth, but if you like to accept that statement that it is a partial monopoly I have no objection to it. I say, that we do not admit that it is in restraint of trade. We admit simply that it is a consideration which we offer to people for giving us their whole-hearted support.

15590. But as you are aware, if you were trading in the United States it would be regarded as in restraint of trade?—I am not quite certain about that. The Chairman was good enough last week to make some remarks with respect to the Sherman and Elkins Acts, and I understood him to say that he was under the impression that since the introduction of Elkins Act the system of rebates had been abolished in America. I am told that that is not the case. I am told that rebates at this present moment are in force between New York and China and Japan, also in the trade with the west coast of South America, and also in the trade with the West Indies. I have only had that information given to me. I am not in the American trade, and I think I stated last week that we have nothing to do with the American trade. Therefore, I can only give that information for what it is worth.

15591. At any rate, you still adhere to your words that a Shipping Conference is something in the nature of a monopoly?—I said, I have no objection to the words "partial monopoly"; but I think that is rather a strong term to use.

15592. Only, it is your own term?—I think it was put into my mouth.

15593. (*Chairman.*) In fairness to you I should say that I think I put the question to you. I put it to you that the object was to obtain a monopoly in consideration of certain advantages conferred?—Undoubtedly so.

15594. That is true, is it not?—It is true; of course, it is true.

15595. (*Mr. Maddison.*) And you confirmed that view, did you not, when you told us that there would be a percentage of the shippers who would be on the look-out for the off-chance to do better than their neighbours?—Yes.

15596. You regard that as a very bad thing, I suppose?—I think it is always a source of danger to a trade when you have a number of people who are always seeking a possible chance of benefiting themselves in that way.

15597. Is that not the normal condition of a healthy business man? Is it not his business to try and do better, so long as he does it legitimately?—I do not think so in the case of a line of steamers, which have been provided for a special purpose and carried on

under certain conditions, and where money has been provided for special vessels suitable for a trade. For instance, you go into the market and ask for money for a waterworks, but you will find that that waterworks will have some clause, some agreement, with the municipality that no other waterworks shall be put up in the vicinity within a certain number of years. There are a great number of public institutions and public companies who are protected in a similar kind of way. I contend that shipowners have as much right to protection as any other undertaking which provides facilities for a public service, because money has been provided for a special object. Having provided the money and placed at the disposal of shippers ships which, as I say, run to date, and offer all the other advantages which the merchants derive from a regular service. I think it is quite reasonable we should ask them for some kind of protection against those people who, I say, are always on the look-out to do something which may injure the shipowners.

15598. Am I to assume that you place shipowners on the same footing as a waterworks?—I do not say that I place the shipowners on the same footing as a waterworks.

15599. The shipowners' business?—I place the shipowners' business on the same footing as a waterworks or any other concern which provides facilities for a public service, and which requires, before money is put into that particular undertaking, to have some security that they will not be attacked by a similar institution

15600. I take it, that you used the illustration with some meaning. Are you prepared to have placed upon you the statutory obligations, without which these people would not get their powers?—We are quite willing to have statutory obligations imposed upon us if we can have full security for our business.

15601. As to rates and all the rest of it?—I think we should be very pleased, indeed, to enter into any complete bargain whereby we should be perfectly secure on the one side, as we are willing to give security on the other; but I may mention that that is an absolute impossibility.

15602. I was going to ask you about that. Is it really the opinion of the majority of your colleagues that you could carry out to its logical conclusion this parallel of a waterworks acquiring an Act with all its obligations? Is the Commission to seriously take that?—I brought that forward as an illustration of my contention.

15603. (*Mr. Owen Philipps.*) Is it not always rash to carry things to a logical conclusion?—I only bring that forward as an illustration. I am not sure how far my colleagues would be willing to agree with me.

15604. (*Mr. Maddison.*) You had not thought it out?—I know perfectly well this, that we should all be willing to be bound in the strongest possible manner if we could bind the people on the other side; but, as I say, that is an impossibility.

15605. Following up this line of thought about how far it is a monopoly, I just want to ask you about the advent of the Bucknall Firm into the trade. You told us that the Bucknall Line had come in in the interests of the merchants; did the merchants want the Bucknall Line to join the Conference—was that the desire of the merchants?—I cannot answer the question. The merchants themselves must answer that question.

15606. I want to know what you mean by coming in. I am in the same dilemma, although I think my desire is a little different, that Mr. Owen Philipps was in, and I want to know what "coming in" means; coming in where?—Introducing a fleet of steamers into the trade.

15607. That is to say, they wanted another line of steamers on that route?—Yes, and thought it would be an advantage to have them.

15608. In answer to Mr. Owen Philipps, you gave us an account of how you competed with each other; you emulated each other in having the best men and the best ships, and the competition was going on very strongly within the Conference?—And always has been.

15609. Does it go so far as any competition about rates?—No; we agree rates.

15610. So that competition is kept out of the one domain where, in most other spheres, it operates to the best effect?—I do not admit that, "in most other "spheres."

15611. Competition within the Conference you admit is always limited, inasmuch as it does not touch rates?—Quite so.

15612. You have told us that tramp steamers have increased in size, and I suppose in equipment and all the rest of it equal to the Conference steamers, indeed, I think, you said even more?—I think so. I think that the increase in the size of the tramp steamer has been very much on a par with that of all other steamers. The increase has been very great.

15613. So that the Conference system is not responsible for these much better equipped steamers?—No. I think it is the natural development of the steamship industry.

15614. Therefore, supposing there was free competition, do you not think that the merchant would be served just as well as he is now, so far as cargo is concerned?—No, I do not.

15615. Why?—For the simple reason that the merchant would never know where he was. He would never be able to make his contracts ahead, and he would never know what rates of freight were to be. They might be down to 10*s.* this week, and they might be up to 50*s.* next week. It would be impossible for them to carry on their business, I am quite sure, with the chaotic conditions that would exist if there were no Conference and no arrangement with regard to rates of freight.

15616. Is that not because you have lost your faith in competition altogether?—I never had any faith in competition in the sense with which you apply it.

15617. You never had any faith in it?—No. I considered from the very first that it was impossible to work a trade without some arrangement of this kind.

15618. But, except for the difficulty, as you term it, of getting something like regular rates, you do not see any other difficulty, do you, if the Conference system was abolished?—Yes, I do. I see the difficulty that there would be no regularity of sailings, and there would be a great many other disadvantages which would naturally follow and which do follow when there is a disruption in rates and a state of chaos introduced into any trade. Then, there is the question of the shipowners shipping on their own account, and many other disadvantages.

15619. Just a question on this matter of what would happen in Germany if the rebate system was abolished by law. You gave us rather a terrifying picture of what the German owners would do?—From my point of view, yes.

15620. What ground have you for thinking they would do that?—The ground I have for thinking that they might do that, would be the power which the abolition of the rebate would give them.

15621. But you could still make agreements with them, could you not? You could still come to arrangements with them, even if you had not the rebate, as to not calling at different ports, as I suppose you know?—You miss my point. My point is, that you would take out of the hands of the shipowners a power which they now possess, and which they possess for their protection, and, therefore, any agreement whatever that we might make with the Germans would have nothing to do with the question.

15622. (*Chairman.*) You mean. it would deprive the shipowners of an advantage which the German shipowners would have?—Undoubtedly.

15623. (*Mr. Maddison.*) I was only thinking that inasmuch as now. as I understand, you do make arrangements that the Germans shall not call at English ports, so you could, for what you consider your mutual advantage, carry these arrangements even in the direction that you indicate without the rebate; is that not so?—I do not think your question has anything whatever to do with my point. Whatever arrangements we might make with the Germans has nothing whatever to do with the question as it is expressed very fully here, in as few words as it is possible to express it: "Foreign trade under foreign "rebate systems would be closed to British shipping, "while, on the other hand, British trade, with rebates

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"abolished, would be entirely open to foreign ship-"owners." If that is a weapon which is placed in the hands of the foreign shipowner when you come to make an agreement with him, do you think that he is not likely to take advantage of it?

15624. I will not pursue that further, except to ask whether it would not be a question of who could offer the best rates, the Englishman or the German?—No. My point is, that the British shipowner would be shut out entirely.

15625. Why? Supposing he could offer better rates than the German would be able to offer under the rebate system?—But he would be shut out from obtaining any support under the rebate system.

15626. Do you mean to say that he would be shut out of the ports?—He would be shut out of the ports.

15627. Prohibited from going in?—No.

15628. I want to know what you mean?—I mean, he would be shut out in the same way that you may imagine that outside shipowners are shut out from a Conference trade at this present moment by means of the rebate.

15629. (*Professor Gonner.*) But if the English shipowners, or the African shippers have as good a service, would it not be to the advantage of people to avail themselves of it?—You are coming back to the same question that you were trying to solve to-day. If people are going to lose their rebates by shipping by the English Lines, they will naturally think twice before doing so.

(*Professor Gonner.*) It would depend on the relative size of the English and German Lines.

15630. (*Chairman.*) It seems to me, if I may be allowed to say so, that we are going over the same ground over and over again. All that you state is, I think, that in your opinion the system of rebates gives a certain security to the British shipowner?—That is so.

15631. And that if he were deprived of that security, whilst the German shipowners were allowed to retain it, then, to that extent, the English shipowner would be handicapped; that is your view, is it not?—Precisely.

15632. And those consequences would follow which are the consequence of trade being handicapped?—Precisely.

15633. (*Mr. Maddison.*) What I was venturing to put, with all respect, was, that the abolition of the rebate system in England might have such an effect on British shipowners that they could offer sufficiently better terms than the Germans; that was my point, but you, I think, disagree—you think it would not be so?—Quite so, I do.

15634. There is an agreement that keeps the Conference together between the shipowners, is there not?—Yes, there is an agreement.

15635. Would there be any objection for this Commission to see that agreement?—I think objection has been raised. I think that the Secretary asked for a copy of that agreement, and I think the answer was given that the shipowners would rather not send in a copy of it.

15636. Do you think that is a reasonable objection?—Of course, I do not know whether it may be considered a reasonable objection or not. It all depends upon how far an inquiry of this kind might become an inquisitorial inquiry.

15637. Supposing privacy was assured, would you have any objection?—If your application will be made again, it will be considered. I cannot answer it.

15638. (*Chairman.*) You have no power?—I have no power to agree to such a thing; I should have to consult my colleagues.

(*Mr. Maddison.*) Unless the witness is absolutely delegated, I do not quite know why he cannot give his own personal opinion.

(*Chairman.*) We have no power to compel witnesses to produce documents or to answer questions.

(*Mr. Maddison.*) My question, I submit again, very respectfully, is, whether Mr. Byron himself would see any objection, and I do not see that the question whether he has power or not interferes with that. If you say it is not a proper question, I give it up, otherwise I still press it.

15639. (*Chairman.*) You can put that question if you like. (*To the witness.*) Would you, yourself, have any objection, standing alone, to handing the agreement to us?—Yes, I do not think I should feel inclined to produce it.

15640. You would not feel inclined to disclose your business arrangements?—Quite so. As I say, I do not know how far such an inquiry might go, nor where such an inquiry might lead to.

15641. (*Mr. Barry.*) I think you said in reply to a Commissioner, a few minutes ago, that, in your opinion, about 90 per cent., or, at any rate, a very large percentage of the shippers, would, in consideration of the excellent service supplied by the Conference Lines, ship by the Conference Lines under any circumstances?—I form my judgment upon that by the enormous number of people who do not seem to trouble themselves at all, and who, in fact, express to us very clearly from time to time that they have no complaint whatever to make, and that they do not want to be mixed up with any action of hostility against the shipowners. By becoming acquainted with such a large number of people who I know are all so friendly disposed to us, I have come to the conclusion that what I may call the discontents form a very small proportion.

15642. And that it is the presence of a small minority, something like 10 per cent., of discontented shippers that renders the rebate system necessary?—Undoubtedly.

15643. Do you think, in your opinion, it is quite fair, when the recent reduction to 5 per cent. in the amount of the rebate was made, to make that reduction in the rebate without giving a corresponding reduction in the amount of freight?—There was a corresponding reduction given in freight to some of the ports, in fact, there was a small reduction to all ports, but with respect to Natal and Delagoa Bay there was a very considerable reduction given, in fact, a reduction which was more than the 5 per cent.

15644. But in some of the ports there was practically no reduction?—The re-arrangement created a reduction in the rate of freight for three of the principal ports; East London, Natal, and Delagoa Bay. There was a slight reduction on one class for Port Elizabeth and Cape Town, but with that exception there was no reduction to those ports, so that taking into consideration the reduction from 10 per cent. to 5 per cent. it might be argued that it made a slight increase to those ports, but it reduced the freight to the other three ports.

15645. The general effect in regard to some ports was an increase in the amount of freight?—There was not an increase in the amount of freight, because, as I say, there was a decrease in the amount of freight; unless you choose to argue that the 10 per cent. being reduced to 5 naturally made that difference. On the other hand, it must be taken into consideration that one-half of the deferred rebate and the shipowners' security was relinquished by a stroke of the pen when it was reduced from 10 to 5 per cent.

15646. While it lessened the hold of the shipowners on the shipper it imposed, in some cases, at any rate, a penalty upon the shipper of something like 5 per cent.?—Yes, if you put it that way, but only to certain ports.

15647. The point I was wanting to get at is this: Do you think it is quite fair to the large and loyal majority, the 90 per cent., to impose that penalty upon them?—I do think so, for this reason, that within the last 12 months the cost of working the ships has increased very considerably, the price of coal has gone up, and the extension of the Merchant Shipping Act and sundry other matters have increased the cost of working steamers this last 12 months. I think if some re-arrangement of that kind had not been made it would have been a reasonable thing to have asked the shippers to agree to a slight increase in freight. That has been done in other trades, not only with respect to freights, but with respect also to passenger rates. The whole of the Eastern trade, Australia, India, and China, some few months ago increased their passenger rates on the ground that the increased price of coal necessitated such an increase. Therefore, I think that it would have been a reasonable thing for us to have gone to our customers, to our merchants, and to have said, "This is the condition of things,

"and we think that a certain increase of rates is "necessary."

15648. Now, when the chief element in the extra cost, namely, the price of coal, is coming down, and, probably, coming down rather rapidly, would it not be reasonable for the merchants to expect an adjustment downwards?—I do not know that it is coming down so rapidly as that. The price is very far from being what it was two years ago.

15649. I did not quite follow you in your fear and apprehension of what is going to happen if the rebate system is abolished in this country. Would not the immediate effect of the abolition of the rebate system be to set free a large quantity of tonnage to compete with the German and other shipowners?—Yes, but if the German shipowners were enabled to continue their rebate system they would be able to effectually shut out this competition.

15650. Would they not have extreme difficulty in maintaining their rebate system in face of largely reduced freights?—I think that there is always a difficulty in maintaining a rebate system in the face of largely reduced freights.

15651. Then you are apprehensive that if the rebate system was abolished, a large reduction of freights would follow?—I am for a time; I think it would be chaos. There would have to be some re-arrangement, and we cannot foresee at present what form it would take. It is impossible to say what form it would take. But it would leave the trade open to competition; competition, of course, creates chaos, and then you have highly fluctuating rates and a very unsatisfactory condition of things to everybody concerned.

15652. You do not believe, then, that in the shipping trade competition is the soul of business?—That is quite impossible in the working of a big trade where there are a certain number of lines engaged in it. I have formed the conclusion that it is quite impossible to work our trade without having some definite combination and some system under which we can work with security.

15653. (*Sir John Macdonell.*) I am sorry to return to one point you have already mentioned, but I must ask you with respect to it. You have told the Commission that the Conference has stated that they deem it unadvisable to give us a copy of the Conference agreement?—Yes; that was the general opinion.

15654. Is that the answer which has been given by the Conference to the application? Let me refresh your memory. A letter was written by the Secretary to this Commission asking, among other things, that a copy of the Conference agreement should be produced, and in a letter in reply from Mr. Lee Wright I find, after dealing with other matters, a statement to the effect that the Conference "Would prefer that "any further information which the Commission may "require of the South African Lines should be given, "so far as it can properly be given, by the mouth of "the witnesses representing those Lines. Each witness "will then consider how far the information asked for "can be given consistently with the business interests "of the Line he represents." Would you adopt that answer?—Yes; that is the answer that I give.

15655. Adopting that answer, and directing your attention to the business interests of your Line, do you see anything inconsistent with the business interests of your Line in the production of the agreement?—I am not sure that I do see anything there inconsistent, as you put it, but I think there is a feeling that that is a private document, and, as I said just now, we do not think that an inquiry of this kind should become at all an inquisitorial inquiry. For that reason we do not think that private documents which we possess should be called for.

15656. You are aware, or, perhaps, you are not aware, that some Conferences have produced copies of their agreements?—I am not aware that they have.

15657. I did not quite understand the purport of your answer. May I take it, that you do see something, in the words of the letter, which I have read to you, inconsistent with the "business interests" of your Line in the production of that agreement?—Yes, I do.

15658. You do?—Yes. I am quite willing to answer any questions, but I think we should prefer not to be called upon to produce any private agreement which we have.

15659. Would you, as a man of good sense and great candour, be surprised if unfavourable inferences were drawn as to the contents of that agreement, upon your refusal?—No, I should not be surprised. *Mr. J. Byron* 25 *Feb.* 1908.

15660. Would you go so far as to say that such conclusions would be more or less warranted?—If a document is called for and it is not produced, it naturally follows that there may be objections, or, rather, the action in refusing to produce the document may be unfavourably criticised.

15661. Would you in such circumstances yourself draw most unfavourable conclusions?—I do not know that I should draw most unfavourable conclusions.

15662. Would you draw favourable conclusions?—Not at all, but this is a matter——

15663. I will not trouble you further on this?—I have really no personal feeling about the matter, but I do not want to compromise my colleagues. If they think, in their judgment, that they have no objection to the production of this agreement——

15664. Clearly understand me; I am sure that your answers are intended to protect, and very properly protect, the interests of your colleagues?—Quite so.

15665. There is another matter somewhat cognate to that to which I have adverted, and that is referred to on page 13 of Sir Donald Currie's Memorandum, paragraph 5: "There is no agreement be-"tween the German and British Lines . . . . There "was a working agreement between these Lines and "the German Lines, but it was terminated last year." Do you see any reason to state what the date of that agreement was?—No, I do not. That was an agreement that was made with the Union-Castle Co. and Messrs. Bucknall, as stated by Sir Donald Currie. I have never, as a matter of fact, seen a copy of that agreement. It was an agreement which had special reference to the loading of steamers on the Continent. We were told that the rates of freight agreed by the German Lines were to be identical with those of the British Lines and we undertook to maintain our rates in accordance with that agreement.

15666. I should like just a few more particulars about the agreement. It was a working arrangement with the German Lines; was there an allocation of particular ports to particular Lines or groups of Lines?—I do not think there was any reference to any particular ports, except the ports were well known; they were the Continental ports of Hamburg, Rotterdam, and Antwerp.

15667. To which should go only the German boats?—No, the German Boats, the Union-Castle Co., and Messrs. Bucknall, and, occasionally, some of the other Lines.

15668. Sir Donald Currie said that agreement was terminated last year?—So I understand.

15669. Do you know why it was terminated?—By effluxion of time.

15670. Why was it not renewed?—It has not been renewed up to the present time, and negotiations are going on now, I believe.

15671. Was there any objection urged on the part of the English members of the Conference that the German Lines were not, in point of fact, charging exactly the same rates?—Was there any objection to their charging the same rates?

15672. Was it urged as a reason why the agreement should not be renewed that the German Lines were, directly or indirectly, charging rates not the same as those charged by the English Lines?—No. There has never been any charge of that kind; there has never been any charge that the Germans have reduced the rates.

15673. I do not want to pry too much into these matters, but are you at liberty to say what have been the difficulties which have prevented, so far, the renewal of this agreement?—Increased demands on the part of the Germans, I believe.

15674. Do not go a point further than you think necessary; demands of what character?—I believe, increased demands for more sailings.

15675. Under this agreement, is there a provision which limits the number of sailings?—As to that I am not in a position to speak, for the simple reason that I was not a party to that agreement which controlled the working from Hamburg and these other Continental ports.

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15676. I gather, that you are giving all your answers subject to such qualifications, and subject, it may be, to correction, but to the best of your belief and knowledge is there any article or stipulation in the agreement limiting the number of sailings?—That I do not know. You are speaking of an agreement made between the Union-Castle Co. and the German Line, and I have no knowledge of the details of that.

15677. But your observation about the limitation of the sailings raises one's curiosity?—I am only told so. I am told that these are the differences that stand in the way.

15678. Have you any doubt that there was in the agreement a limitation of the number of sailings?—In my own mind I have no doubt; indeed I should fancy there would have been.

15679. I suppose from your knowledge of the business you could say what the nature of these limitations was?—No, I could not, but Mr. Lloyd is coming to give evidence here, and he is a party to the agreement. He will be able to answer these questions better than I can.

15680. There is one other question—it is obscure to my mind at the moment—from what Continental ports do the Continental Lines provide for and contemplate sailings to South Africa?—From Hamburg, Antwerp, and Rotterdam.

15681. Are those the only ports?—And Amsterdam. Those are the only regular ports.

15682. That suggests that there are some other ports of another character; what are they?—There are no other regular ports. Of course if there was a large quantity of cargo offering, say, from Havre or from Dunkirk, which is very rare—for years I have not known such a thing—there would be arrangements made for putting a steamer in there to carry it.

15683. The arrangement under the Conference agreement is carriage from the three or four ports which you have specified?—Yes.

15684. With a limitation of sailings of a particular nature which you are not in a position to define?—That is so.

15685. I take it—you will tell me if I am going over the ground which you think should be dealt with by another witness—that you see no objection to some simple form of contract which will define the rights and duties of both shipowner and shipper?—The great difficulty in getting such a contract is that you could not possibly control the shippers, because you do not know who they are. You know this is a very large trade.

15686. (*Chairman.*) What do you mean by controlling the shippers?—This seems to imply that there should be no difficulty in getting a definite contract between the merchants and shippers on the one side and the shipowners on the other.

15687. (*Sir John Macdonell.*) I will make the question a little simpler by putting it in a concrete form: Do you see any objection to a form of circular which shall specify the terms upon which the rebate or commission is payable, but there shall be appended to that circular a statement of the corresponding duties of the shipowner and the rights of the shipper?—Does that not exist in the compact?

15688. That is a question I have no doubt you could cross-examine me very effectively upon, but for the time it is permissible for me to put questions?—I beg your pardon.

15689. I do not know whether I have put it to you accurately?—I think you have put it quite right. As I say, we should be perfectly prepared to agree with the representative body that may be formed, either the present Merchants' Committee, or whatever body may be formed. We should be very pleased to do so.

15690. There need be only one short document which should show on one side the rights of the shipper, and on the other side the duties of the shipowner?—Quite so. The only difficulty that I see about the matter is that whereas the shipowners would be bound to their obligations, there would be no corresponding obligation on the part of the shippers, for the simple reason, if you will allow me to say so, that it is impossible to know who the shippers are. We have had sometimes as many as 277 shippers in one vessel.

15691. I will not stop to argue whether that is impossible or not; but subject to that qualification, which may or may not be an important qualification, you see no objection to the proposal which I have placed before you?—No objection whatever.

15692. I know you are candid. Now I will ask you to consider a little more the details of this representative committee which you seem to think would be a favourable feature of the trade?—Yes.

15693. From your knowledge, and it must be great, of the expression of opinion in South Africa, may I take it that the position of the Merchants' Committee in London, as representative of the mercantile feeling in South Africa, cannot be maintained?—So we heard in South Africa, at which I was very much surprised, and I do not understand the reason why the statement was made. I consider that the Merchants' Committee at the present moment is a very representative body. It has on it a great number of the largest merchants engaged in the trade, and if they want an extension of it, why should they not have on it representatives of the Chambers of Commerce in the different ports we visited?

15694. However unreasonable that feeling may be, may I take it that in the judgment of the majority of the mercantile community in South Africa the day is over for the Merchants' Committee in London posing as their representatives?—No, I do not admit that. The Merchants' Committee in London was very much criticised and was very much opposed by the section of the people who came before us in South Africa; but if you will remember, there were only about 16 or 18 gentlemen who came forward to give evidence against the shipowners, and I feel perfectly confident in my own mind that they represent only a minority of the people in South Africa. I think if you were to poll the whole of the shippers in the South African trade, you would find that there was a very strong feeling in favour of the present Merchants' Committee.

15695. That might be the result of an inquiry which has not been made?—Quite so.

15696. But, dealing with the results of the inquiry which was made, the bulk of the witnesses who spoke as to the Merchants' Committee said it was not representative; is that not so?—The opponents did; yes, they did.

15697. You will remember Mr. Mosenthal's suggestions with respect to that subject?—Yes.

15698. I believe I am right in saying that Mr. Mosenthal is well acquainted with a large part of the South African trade?—Undoubtedly.

15699. Do you see any objections to having a committee such as he indicated?—If I remember rightly, Mr. Mosenthal said, in answer to your question whether he was in favour of a board of control, that he was quite in favour of a board of control; but at the same time I think he followed it up by saying that he did not see how it was possible, and so far as his business was concerned, he would not assent to it that there could be any board of control to tell him what his prices were to be.

15700. That is quite correct, according to what is in my mind. But do you not see some advantages in having a representative body in South Africa?—I think it is quite impracticable—I am certain it is impracticable—because the shipowners are here, and it would be impossible for them to deal with any body in South Africa. The thing was suggested, and it struck me at the time as being absolutely impracticable.

15701. There being, as you say, only 10 per cent. malcontents, and 90 per cent. being well disposed, do you not think that perhaps a portion of the 10 per cent. would be made contented if they had a representative body in South Africa?—I think they would; but you see the shipowners have no representatives in South Africa in the sense that they could delegate to them important matters such as alterations in rates. They could not relegate such matters to their representatives on the other side.

15702. Do you think it would be hopeless to try to devise a scheme by which important matters of policy should be determined in London, and a large number of more or less important matters of detail should be

determined in South Africa?—I can assure you it would be absolutely impossible. It would be absolutely impossible for any representative body, as between the shipowners and the merchants, to be formed in South Africa.

15703. Do you see any objection to this step—that before any rise is made in a rate the matter should be brought before some representative body?—I think that that would be a very reasonable suggestion, and I think it is a matter we should be very willing and desirous of doing. If there were a representative body here, we should, of course, before making any change whatever, refer to them and consult with them, and give them our reasons for desiring a change, and in other ways we should consult with them.

15704. Would you be prepared to go a step further, and to suggest that before any rise in rates were made, reasonable notice should be given to the parties affected?—That is a very reasonable suggestion, but it is a very difficult one to carry out. Supposing you were to give notice that a rate is to be raised a month hence, the effect of that would be to bring a large quantity of cargo to the steamers that might be loading between the present time and the time that the rise is to take place; but, on the other hand, if there was notice of a reduction of any rate, it would starve the steamers that were loading in the particular period.

15705. Do you think it impossible, as a man of business, to devise some ways and means by which that difficulty could be got over?—I am afraid I do. Let me put it in this way: The Chancellor of the Exchequer, when he makes any alterations in the duties, cannot give notice.

15706. I am not suggesting that there is no difficulty?—Were it otherwise, we should only be too glad to do so.

15707. (*Chairman.*) It might be got over in this way, might it not—there might be a rule that there should be periodical meetings to consider questions of rates?—Yes.

15708. That would be free from the disadvantages which you fear, would it not?—Yes. Of course, it might be brought about in that way.

15709. (*Sir John Macdonell.*) Turning to another subject, you lay great stress upon the result of making the rebate system illegal in this country while it remains legal in Germany?—Yes, I do.

15710. Would you mind looking at the result for the time, not from the point of view of the shipowner but from the point of view of the shipper? Would not the result of that change be, that the shipper in England would have a free market, while the shipper in Germany would be restricted to a limited number of ships?—Undoubtedly.

15711. Am I right in saying that, so far as the present system is an advantage to the shipowner, it is a disadvantage to the shipper?—It is assumed to be a disadvantage, but I contend that it is not a disadvantage, and that in the long run the rebate system is an advantage to the shipper.

15712. Not looking at it from the long-run point of view, but looking to the immediate effect, that effect is, that the shipper in England has the world to choose from in shipping his goods, whereas the German shipper has a limited choice?—That would be so; that would be the effect of it.

15713. And, consequently, what you would put in the forefront of the argument in favour of the shipowner is, *pro tanto*, a disadvantage to the shipper?—I, there again, say that I cannot follow you that it would be a disadvantage to the shipper, because I hold the opinion that the rebate system is entirely to the advantage of the shipper in the long run. But I am quite willing to admit that if there was an abolition of rebates in Great Britain, and if there was a retention of rebates in Germany, for the time being, while that existed, the British shipper would have the open market in England, whereas he would have the closed market in Germany.

15714. And if we might go a step further, in so far as an increase of freight falls upon the consumer, the consumer would benefit by this difference in the systems?—We heard a great deal about the advantage to the consumer in South Africa, but I very much doubt whether the influence of freight ever percolates so far as the consumer. I took out a memorandum, which I have here, of a number of articles in which if you sweep away the whole freight it makes very little difference in the selling price of the goods. I know that we heard an immense amount of evidence on this in Johannesburg, and curiously enough the arguments that were brought forward in Johannesburg as to the advantages which the consumer would derive from the cheapening of the freight were rather peculiar, seeing that in Johannesburg there is no such thing as a copper currency. You cannot purchase the smallest article in Johannesburg for less than three pence.

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15715. That point was put to certain witnesses?—Our friend, Mr. Hosken, said he was quite sure that any advantages would eventually get into the hands of the consumer. My own conviction is, that the advantages Mr. Hosken would get on his shipments would find a resting place in his profit and loss account.

15716. If I remember rightly, that very point, which you are now putting, was put to Mr. Hosken?—Yes. Perhaps it would be rather wearying you, but I have a great many memoranda, which I took out, showing the very small difference it would make in the price of some articles.

15717. I do not in any way want to stop you, but these points are not quite the points on which I want your assistance at present?—I beg your pardon.

15718. (*Chairman.*) I suppose the railway rates would be the more important element, would they not?—Of course, the railway rates are considerably higher than the steamship freights.

15719. (*Sir John Macdonell.*) I am right to this extent, am I not, that so far as the decrease of rates benefits the consumer, the existence of these two systems—no rebate in England and a rebate system in Germany—would be beneficial to the consumer?—If it did reach the consumer.

15720. Shortly stated—I do not want to distort the position—it is a case in which the interest of the shipowner might suffer, and the interest of the consumer and the shipper would benefit?—For a time it might.

15721. I am sorry to trouble you with all these points. How do you account for the discontent which exists in South Africa amongst the importers, so far as the evidence before us shows? Can you give your explanation of this discontent?—As I said to the Hon. Commissioner on my left a little while ago (Mr. Barry), I do not think that the discontent is at all deep-seated. I think it was fairly demonstrated in the opinions we heard expressed on the other side that there was a distinct feeling of approval of the ship-owners' policy. It was the minority of the people, I think, that opposed the shipowners.

15722. Your memory is usually accurate, but it fails you for once. So far as the importers were concerned, not merely the majority, but almost the entire number of our witnesses asked for modifications?—I think there were about 16 witnesses out of 42 that were opposed to the shipowners' policy.

15723. I am putting to you that, while there certainly was a diversity of opinion amongst the exporters, and the majority probably were in favour of the present system, an overwhelming majority of the importers expressed their dissatisfaction with the system?—I am not prepared to admit your contention of an overwhelming majority. I know that in some ports, take, for instance, Natal, there was a very great difficulty in getting people to come at all and speak. I think the general consensus of opinion in Natal was entirely favourable, or almost entirely favourable, to the shipowners.

15724. That perhaps might to some extent be accounted for by local reasons, might it not; for instance, the advantages which Natal had recently obtained?—I do not quite think that that would alter their opinion. My opinion of the origin of this discontent is that in my judgment it took place some time ago, at the close of the war, when things began to get very bad. Then there was a feeling of discontent with the Government, there was a feeling of discontent with the railway administration—a feeling of discontent with everybody; and I think a scapegoat was necessary, and I think the shipowners were seized upon.

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15725. You are not prepared yourself to adopt Sir Donald Currie's explanation, as I understand, which is merely that the South African people are, to use his words, peculiar people?—No; but I think they were led astray over this business. There was a cry raised that the shipowners were responsible for the high cost of living in South Africa. This was made capital of by a great many political agitators; for instance, take our friend Mr. Tatham, of Natal. He is a gentleman who is chiefly remarkable, I think, for very violent language and for very inaccurate statements.

(*Sir John Macdonell.*) I am sure Mr. Tatham can look after himself. Need we go into that?

15726. (*Sir Alfred Bateman.*) I do not think we need take Mr. Tatham seriously, because he is not a man of business?—I am only instancing him as a man who inflamed the public mind. I think a great many people were led astray. I will give you two slight illustrations of that. A friend of mine in Cape Town went into a shop to buy a razor, and he expostulated with the man for charging him twice as much as he would have paid for it in London. The man said, "Look what tremendous freights we have "to pay." Then there was a manufacturer of pens who went into a shop in Johannesburg and called for a small box of his own pens, for which he was charged 2*s*. He said, "Why, I can get these in "London for 4½*d*." The man said, "Look at the "enormous freights we have to pay!" Those are illustrations to show how the public mind was led astray. I think these men were perfectly genuine in what they said. The public mind got caught with the idea that the shipowners were responsible for the high cost of living; for a time I am quite sure that that was seriously believed. In the course of time the people became disabused of the idea, because it was so palpably absurd, but still that did the shipowners a very great amount of harm; and I think that was the origin of the discontent.

15727. (*Sir John Macdonell.*) Do you tell me that the Chamber of Commerce of Johannesburg, the Trade Chamber, and the various public bodies that gave evidence before us had no better grounds for their dissatisfaction than those which you have mentioned?—I say this, that if you dissect the evidence of discontent that you received, you will find that, as we travelled along, in Port Elizabeth there were only, I think, in the Chamber of Commerce, 29 out of a total number of 99 who voted against the shipowners; in East London the evidence was distinctly in favour of the shipowners; and in Natal the Chamber of Commerce of Natal declined even to answer the questions of the Commission. And then, when you got to Johannesburg, you only had about ten or a dozen gentlemen who came before you to speak against the shipowners.

15728. But they were representatives of public bodies?—So they said.

15729. What do you imply by that? Do you mean that those gentlemen who came forward and said they were deputed by the Chamber of Commerce or the Trade Chamber to speak, were not representatives of those bodies?—No, I would not say that for one moment.

15730. Then what is the distinction?—I would say this, that those Chambers of Commerce do not represent all the firms in the different places; they only represent a section. There are a great number of firms who are not members of the Chambers of Commerce.

15731. If you have stated all you want with regard to that, I will pass from that point to another. You object to the word "monopoly"; but I may take it, that in regard to the great majority of goods which are imported into South Africa, the importers have no choice but one?—Did I not give evidence to show that, in the case of Mr. Hewlett, he broke away from the Conference and imported his own goods; and then when Messrs. Houston came in, Messrs. Jagger and all that group and others left the Conference?

15732. How many cases of forfeiture of rebate have taken place since the Houston war—putting aside Mr. Hewlett's?—Very few, because there has been no opposition.

15733. Has there been any instance of it, except Mr. Hewlett?—No; but there is a large contractor at Simonstown, Sir John Jackson, who has always kept outside the Conference and shipped his own goods.

15734. Reverting to the case of forfeiture, may I take it that the system has worked so effectually that since 1902 there is only one instance of forfeiture known to you?—That is so since 1904.

15735. Is that the case of Mr. Hewlett?—That is so.

15736. Am I not right, therefore, in saying, that for ordinary goods—I am not speaking of large shipments—the business man in South Africa has no choice, and he must come to the Conference?—That is so; he has no choice, unless he chooses to do what Messrs. Hewlett did.

15737. What is that—to charter a vessel?—To charter vessels.

15738. Of course, to the great majority, in fact, to almost all merchants, that is totally out of the question?—Because their quantities are so small—that is the reason. But what would be the position of these gentlemen if they had no Conference Lines to depend upon for carrying their small parcels? The small shipper would have no chance.

15739. There may be a great deal of force in that consideration; but looking at the situation for the small shipper at the present time, if he gets his goods at all, he must get them only in one way?—Only in one way; that is true.

15740. From the business point of view he has no choice?—From the business point of view he has no choice, but he has great protection. He gets his goods out at the same rate of freight as the large shipper, and he has all the advantages which are obtained by the large shipper.

15741. You referred to Lord Selborne's memorandum—I hope I am not wearying you with these questions?—Not at all.

15742. Are you aware that Lord Selborne, in his memorandum, has adverted to this system? May I call your attention to some of his words: "The shipping combine is another illustration of the want of "control over business conditions due to disunion. "It is not assumed that the Conference which controls "that combine does, in fact, as a great number of "importers in this country believe, abuse the power "it holds over shipping freights. Even if it is assumed "that it does not, is there not, at any rate, a danger "that a great monopoly, exempt from the effective "control whether of competition or law, should come "in time to use its position for the exclusive interest "of its shareholders and to the prejudice of its customers?" Do you agree with that statement?—There is a danger, there is no doubt. It depends upon our moderation and the reasonable attitude that we take up. It entirely depends upon those things.

15743. Looking at the power you have, must you not sometimes be surprised at your moderation?—I think self-interest regulates that. I think if we were to usurp the power that you say we possess, it would be a very suicidal policy.

15744. If you made a mistake about that self-interest, as people sometimes have, might there not be a serious result? Might there not be, in the words of Lord Selborne, a danger that a great monopoly should "use its position for the exclusive interest of its "shareholders and to the prejudice of its customers"?—Yes; I think if any Conference were so foolish as to adopt such a course, there is that danger. But it would be very short-lived; it would not exist very long with such a policy.

15745. You are aware, no one knows better, of the system under which goods are conveyed from various South African ports to the Orange Free State and the Transvaal?—That is so.

15746. And you are aware that there is an arrangement existing, the *modus vivendi* it is called, by which certain rates are fixed not according to a mileage principle but so as to divide the traffic between the various ports?—Yes.

15747. I suppose you would admit that if the Conference Lines altered the sea freights, that arrangement would be entirely upset?—It would appear so.

15748. So that it comes to this, does it not, that at

the present time the whole railway system of South Africa is controlled by the sea freights?—I should scarcely admit that; I do not think it is admitted even by the Railway Administrations themselves. You will remember that there is a great difference of opinion. In Bloemfontein Mr. Wilson came before us and gave expression to an opinion such as you have yourself expressed just now

15749. I am not expressing opinions; I am putting difficulties?—I see. Then you will remember Mr. Salmon at Natal repudiated the idea that their railway rates had even been framed with any regard whatever to sea freights.

15750. Did not Mr. Price and Mr. Wilson take a different view?—Mr. Price took Mr. Wilson's view, but Mr. Salmon, of the Natal Government, took entirely a different view, and said that he repudiated the idea that railway rates had been at all regulated with any regard whatever to sea freights. When these gentlemen disagree, you can hardly expect me to form an opinion.

15751. At all events, I may take it that it is correct that after the alteration in rates came into force on July 1st last year, which altered the previous sea freights to the various towns, the Governments of South Africa met together and entered into an arrangement in order to remedy the state of things which was then created?—To counteract that—yes, they did that. It was quite a surprise to us. We had not the slightest idea that that small difference was going to cause that tremendous storm and tempest.

15752. Is it not an amazing power to lodge in the hands of a body of men in London that it should be competent for them to disarrange, by an alteration in their freights, the whole railway system of South Africa?—But if the disarrangement of the whole of the railway service in South Africa is to take place because of the slight alteration which was made by the Conference Lines as between the Natal rates and the Cape rates, what is going to happen if you have an open-freight market, and you have rates flying about in all directions? Where would the railway administration be then?

15753. Your point may be right, but, at all events, you would agree that, to use the words of Lord Selborne, it is a dangerous power to lodge in the hands of a monopoly in England that it should be competent for it, without consulting the people of South Africa, to disarrange the South African railway system?—I cannot see that it is any more a danger than the power that is left in the hands of the railway administrations to regulate their rates. Why is it a greater danger for the shipowners to have the regulation of their freights?

15754. Does not the administration of the railway a little resemble the illustration which you gave of the waterworks? Is that not an illustration which is open to objections?—Certainly. Of course, they are a monopoly under certain restrictions.

15755. Subject to restrictions?—True, subject to restrictions.

15756. In order to prevent the kind of abuses to which Lord Selborne adverts?—That is true.

15757. Now to come to a matter of business. Looking at the effect of the changes of the rates in July of last year, do you see any reason why, before such a step should be taken, the representative bodies in South Africa should not be taken in conference?—I see no reason why they should not be, and, as I say, it would be necessary, perhaps, in order to make a complete representative committee here, for the railway administrations to be represented on that committee.

15758. May I also gather from you, that in your judgment now, looking at the effect of the announcement of new rates without notice or consultation, it was a mistake?—Well, sir, I do not quite admit that it was a mistake. There was never any intention of causing trouble, I feel quite certain, and there was never any idea that it was going to cause any trouble in the railway administration.

15759. At all events, if it was not a mistake, it was an act which, in your judgment, should not be repeated?—I do not think it should be repeated.

15760. May I go so far as to say that, in your view, steps should be taken to prevent its repetition?—I cannot see what steps you could take to prevent its repetition, but my view would be that such a step will never be taken in the future without the shipowners having an opportunity of conferring with some representative body which may be constituted.

15761. You have had put to you certain points with respect to the diversion of some branches of trade from England to the United States; do you think that that took place, to any considerable extent, during the time that the rate war was going on?—I am not in a position to express an opinion upon that. I do not think that my evidence on a point like this would be of any value, because I am not in the American trade, and, therefore, I have not followed it with that closeness which I should have done if I had been interested in the trade. I can only gather what I might hear. We had a great deal of evidence on the other side upon these points, which was as interesting to me as it no doubt was to you; but beyond that, I am not able to express an opinion. My own belief is, that it did not divert very much trade. It might when the rates were exceedingly low, when they reached 10*s.*, for instance, on such articles as wire and goods of that description. I say, I am not interested, but I was interested to this extent—I was interested rather on the merchant's side than on the shipowner's side, because it naturally followed that the diversion of any trade to the American ports would rather injure my own business. Any trade that left this country for America would naturally be as much a disadvantage to me as it would to the merchants. Therefore, to that extent, I did follow it; and I think on wire and on one or two items of that kind I was told that there was a slight depreciation.

15762. (*Chairman.*) If you will say that, you cannot form any independent opinion, I think that will do?—That is quite so.

15763. (*Sir John Macdonell.*) I will pass away from that at once. There is one subject on which, perhaps, you would be able to express an opinion. Do you think that the tendency of the Conference system, clothed with the rebate system, is to lead to an inflation of tonnage?—I cannot say as a rule that it would lead to an inflation. Of course, we each have to regulate our sailings from time to time to suit the demand. The Conference system does not regulate the number of steamers that should go to South Africa, and when there is opposition the tendency is for an increased amount of tonnage to be loaded.

15764. In your judgment, is the tonnage of the steamers at present plying to South Africa belonging to the Conference, too large for the trade?—There is no doubt about it that the number of steamers that are sailing, seeing that they are going so many of them short of cargo, does point to the conclusion that there are too many steamers, so far as regards the requirements of the trade, that is, so far as regards the tonnage of the trade. But when you come to the question of reducing those steamers, as I pointed out the other day, the difficulty is to know what to do or how to regulate it.

15765. That may be an insuperable difficulty; but is it the case that at any period of the year the great majority of the vessels return home or go out full?—During the whole of the year, with the exception of just during the wool season, the ships have come home with scarcely anything; many have come home absolutely in ballast, with nothing at all.

15766. When is the wool season?—The wool season opens about October and November, and then it falls back again, and there is what is called the second clip about February and March. It lasts for about a couple of months each clip.

15767. During these months, are the majority of ships coming home full?—No.

15768. Not even then?—They never do. We have never had a steamer full of wool yet.

15769. So that throughout the whole year, even including these exceptional periods, the ships come home not full?—That is so. It would be a most exceptional thing for them to come home full. There might be an occasional one, but it would be quite an exception. I cannot remember that we have ever had a steamer full with wool.

15770. As regards the ships going out, may I take it that throughout the whole of the year the great majority of them do not go out with full cargoes?—

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In the last two years they certainly have not. It is a very rare thing indeed for us to get a full ship outwards.

15771. Would you not draw this conclusion then, that the tonnage is excessive for the trade?—As I say, it might be so argued, and yet, on the other hand, how can we reduce it?—We have already reduced it, as I think I explained last week. It may be argued, notwithstanding that we have reduced our sailings we might still further reduce them, but then we are face to face with this difficulty, that we never know what may happen, and the slightest turn, as I say, in the volume of trade going would fill one of our ships, especially the smaller ships. There is nothing so irritating to a merchant as to have his goods shut out. It does us a great deal of harm to have goods shut out. We know from experience that there is a great amount of irritation when goods are sent down and there is no room for them in the ship. As I explained last week, one of our ships was very nearly full—it was practically full—and you may remember I said that the previous steamer had little more than half that ship's cargo. So it is difficult to regulate the trade. Another thing we have to avoid is this: we have to be very careful about the severe competition that we receive from our friends on the other side of the water. At the commencement of last year the German Line increased their sailings, and therefore any falling off of the British sailings in the face of that increase of the Germans might be rather serious, and we might lose some of the trade which we now possess.

15772. That explains the difficulty, but am I right in saying that the larger the tonnage is, the greater the tendency to increase the rates in order to earn a reasonable dividend?—I scarcely think that, because with these modern steamers it is almost as cheap to work a big steamer as it is a small one. I know that we had a good deal of criticism in Johannesburg as to the number of steamers that were being sent out, but there was the strange inconsistency that the very same gentleman who argued in favour of a decrease of tonnage told you that the system in Johannesburg in selling goods there amongst the mining merchants was that they sold goods to be delivered at a certain time, and if they were not delivered by a certain time they had to pay a penalty. So you can well understand that if there was too great a gap between sailings or we did not sail our ships to date and get them out there by a certain time, we should have a very serious difficulty in facing these gentlemen.

15773. One question on a very little matter. After the Elkins Act came into operation, a circular was issued withdrawing the rebate system from the American trade, was it not?—I believe it was, but, as I told you, I do not know anything about that trade.

15774. You do not know the circumstances?—No.

15775. Do I rightly understand from your previous answers to me that you think that the witnesses called before us, represented as importers, were not reasonably representative witnesses of South Africa?—No, I should not say that with respect to Johannesburg. I think you had a very fair representative body before you in Johannesburg. But with respect to the other ports, I do not think you at all gauged the opinion of the other ports. I may say that at Durban there was not a single old-established and really large merchant that came forward before you at all to speak against the shipowners.

15776. Is there any reason why those who professed another opinion should not have come forward?—Mr. Butcher came forward, of the large firm of Butcher and Sons. His evidence was distinctly in favour of the shipowners.

15777. Do you suggest that those who may have had an opinion different from those that were called, in favour of the rebate system, had not an opportunity of coming forward if they so chose?—I think they all had the opportunity to come forward if they had chosen. But I think a great many of them felt inclined to adopt a passive attitude, and to say, "Let these fellows fight it out." The "contents" did not trouble about it, whereas the "non-contents" made the most of their opportunity.

15778. (*Sir Alfred Bateman.*) I am glad to hear that you rather withdraw the opinion that the witnesses we had were not representative?—As regards Johannesburg, I would withdraw that. I think that at Johannesburg you had very representative witnesses.

15779. You would not like to say that the Johannesburg Chamber of Commerce and the Johannesburg Chamber of Mines were not representative in these cases?—No, and I do not; but still at the same time I would like to say that I know there are a great many firms who do not belong either to the Chamber of Trade or to the Chamber of Commerce.

15780. As regards the opinions that were expressed to us in South Africa against the Conference, do you realise that those opinions were adopted in a great measure by the Government representatives we had; I am taking Mr. Price, of Johannesburg, for instance, as a Government representative?—Yes, Mr. Price was distinctly so.

15781. And Mr. Wilson?—And Mr. Wilson, yes.

15782. It was the action of your Conference in July that had made that strong opinion so very much felt, was it not?—Yes, in the eyes of these gentlemen; but their ideas were not shared by the representatives of the Natal Government, if you remember.

15783. In that way, I suppose, we got less evidence in Natal, but stronger evidence in the other Colonies?—Yes, you did.

15784. In Natal, the witnesses who you think might have come forward and spoken in favour of the Conference simply were content to stop away?—As a matter of fact, I think that the discontent, as I have said, against the shipowners had died down, and if it had not been for the advent of your Sub-Commission in South Africa which gave it new life, I think the thing was dead, absolutely dead.

15785. But you gave them some concessions after we came out there, did you not?—I am not speaking of Natal only; I am speaking of the whole Colony. Of course I would not think of mentioning the name, but one of the gentlemen, that came to give very strong evidence against us, assured me afterwards that if we had not altered our rates of freight, he would not have said a word against the shipowners.

15786. You are aware that as regards the changes made in July, Mr. Hosken estimated that £80,000 extra was put on the trade in South Africa by it?—Yes. I really have not gone into the figures, but I think that would be an absolute exaggeration.

15787. If you have not gone into it, you cannot say it is an exaggeration?—I cannot. I really have not expressed an opinion.

15788. (*Chairman.*) Still there has been an addition, evidently—there must have been?—It is only in the two ports of Cape Town and Port Elizabeth that the rates have increased. The rates have not increased for either East London, Natal, or Delagoa Bay.

15789. (*Sir Alfred Bateman.*) I am referring to your deducting 5 per cent. from the rebates which you had previously given, and also to your making one or two additions in the rates to Cape Town, and also additions to the rates generally?—After taking into consideration the 5 per cent. commission which is returnable instead of the 10 per cent. the net balance will show that there is a slight decrease for the ports of Delagoa Bay, Natal, and East London, and an increase on Cape Town and Port Elizabeth.

15790. You have increased the rates on all classes to Cape Town and Port Elizabeth?—Yes.

15791. And on the first and second classes to East London?—Yes; but there is a decrease on the whole of the classes to Natal, and on the whole of the classes to Delagoa Bay.

15792. You heard the evidence, I think, about those heavy weights, which is an important matter to the mining industries?—Yes.

15793. Do you not think that something ought to have been done there?—I would like to say something about the question of heavy lifts.

15794. Please do?—It is perfectly true that modern steamers are furnished now with gear enabling them

to deal with heavy lifts, but of course the initial cost of this gear is expensive. When a steamer proceeds to take in a heavy lift by the aid of this gear, she has to dismantle the ordinary gear which she is working, in order to put up this special gear, which consists of heavy spars, additional chains, additional ropes, and all that sort of thing, the consequence being that the delay in keeping the men standing by and waiting for this special gear to be reefed is so great that we invariably use the dock company's floating derricks for taking heavy lifts in. I have the London and St. Katharine's Dock Company's book here, from which you will see that to take in a 10-ton lift costs the ship 9*s.* 6*d.* per ton; then there is an additional charge of 10*s.* per cent. on the value, which brings it up, say, for instance, we had an engine which was valued at £1,000, to something like 22*s.* 6*d.* per ton for taking the package in and for putting it on board. When we get it to its destination—I will take Natal, as Natal is very well furnished with excellent cranes—there we have to pay 5*s.* per ton for the use of the crane in discharging. The use of the crane means that we have to provide all the labour, all the chains, and all the necessary equipment for lifting it and breaking it out of the hold, and we have to take the whole of the risk. So that there is, as you will see, an initial expense in taking a heavy lift in and putting it out. Then, in addition to that, there is the risk. If anything happens, there is not only the risk of doing damage to the package itself, but there is the injury which it might do to the ship or to other goods with which it might come in contact. Accidents with heavy lifts so easily happen; I may mention two serious instances as an illustration, not in connection with my own firm's ships, but in the case of other steamers. A Natal steamer, in discharging a heavy lift in Natal harbour, had the mast torn right out of the ship, which did a very great amount of damage, and I think there was in that case a loss of life. The very same thing occurred in Delagoa Bay on taking out a heavy lift from another steamer. So that you see in dealing with heavy lifts there is not only very considerable expense, but there is also a very considerable risk. Then also we have to bear in mind that the extension of the Merchant Shipping Act came into operation in July last, so that any injury which is sustained by seamen falls upon the shipowner. I am not complaining of that, because I think a seaman has as much right to be protected as a workman on shore; but still the fact remains that it falls upon the heads of the shipowners.

15795. But still the extra charge you will recognise is very high—£9 14*s.* 4½*d.* per ton in one case, and then in another instance of 11 shipments of heavy lifts the average rate of freight was £4 19*s.* 1½*d.* per ton. That is very high, is it not?—It is very high, I admit. But there is a very great amount of risk. I have had a great deal of experience in taking in heavy lifts through a number of years, and I have very often been in fear and trembling when we were dealing with a very heavy lift. The idea of these gentlemen who came and gave evidence against us, that in these days it is as easy to lift a 10-ton lift as it is a box of candles, is so utterly absurd, that we can dismiss that.

15796. There is a little exaggeration there, perhaps, but still these rates are very high, are they not?—Yes, and I may say, we have had under consideration the question of revising these rates. But we have done nothing up to the present, for the simple reason that the one or two alterations that were made since it was decided to hold this Commission, have only been thrown back upon us, as you have heard from the gentlemen in South Africa, who said, "Oh, yes, they "have done that; that is a sop"—because you gentlemen were coming out. That does not give us any encouragement. What I say is, that there is a very great deal to be said in favour of the views of the gentleman representing Messrs. Allan, Whyte & Co., who argues that his coils of rope, which are specially prepared for lifting, and do not require any special gear for handling, might have some special consideration.

15797. And surely they might?—That is a question we should be only too pleased to discuss with a committee that would represent the merchants. But what would be the result if we were to do that now? We should be immediately charged with giving these gentlemen preferential rates. I see that you take note, in your remarks, that the Clan Line had informed him that they were prepared to carry at lower rates, but the other Lines would not agree. I do not want to throw any doubt upon the veracity of this gentleman, but there is no one in the Clan Line who owns up to this impeachment. I think it is a very easy way of getting rid of a troublesome customer to say, "I should be very glad to do it, but these other "fellows won't let me." It is a repetition of Codlin and Short.

15798. Then, when the Commission have reported, you think there may be a lowering of these rates?—It has been under consideration.

15799. There is a particular point about live stock I want to put to you. Do you not think something ought to be done as regards decreasing the charges for conveying pedigree live stock for improving the flocks in South Africa?—I am sure we should be very pleased to take that also into consideration, but I have just a word or two to say upon that point. The conditions under which animals are carried from England differ entirely from those, say, from Australia or Canada. We carry animals which are very valuable animals—some £500, or £600, or £700 may be the value of a horse which we take from here. But when any considerable quantities are shipped from Canada or from South America, there are only rough woodwork stalls, erected on board the ship, dividing them from each other, and very slight partitions. I have a note before me that it was admitted by a gentleman, who came before us in Bloemfontein, that in one steamer, that came in either from Australia or from South America, there were two heights in the 'tween decks occupied in packing the sheep and in housing the sheep. Some years ago, when I was out in South Africa, there was a ship arrived in a dreadful condition. The ship had had bad weather, and the animals had suffered terribly. The ship was just like a slaughter-house. I think, myself, that it is a very great pity that the Society for the Prevention of Cruelty to Animals could not have some jurisdiction in these far-off waters, which are out of the purview of our British Board of Trade. When you come to consider the special treatment which we give to animals, and the very valuable nature of the animals we carry, I do not think that we can be expected to come anywhere near those figures that have been given to you from Canada or Australia.

15800. I am not asking you so much about sheep, I am asking you about cattle, really?—As you are aware, the steamers from Canada are subsidised by the Canadian Government.

15801. Generally, you were rather surprised in South Africa that we had so much evidence against the Conference, I think?—On the contrary, I was rather agreeably surprised that it took the form that it did. After what we had heard, I thought we should have had a very much stronger expression of opinion against the shipowners, and I was rather agreeably surprised to find that it was not what it was represented to be.

15802. And that so much of the evidence was in consequence of what had recently been done on the 1st July, that is in consequence of the reduction of the rebate, and so on?—There was an expression of opinion in the Cape ports adverse, and an expression of opinion in Natal in favour of it.

15803. I think you and I were together at the London Conferences of 1905-6?—That is so.

15804. If we could have come together a little more on the question of rates, would you be of opinion that that would have been a good arrangement to have been made that was proposed by the various Governments at that time?—There was this initial difficulty, as we found out afterwards, that these gentlemen who came over as delegates representing the Colonies were really not in a position to control the municipalities or corporations. I think that would have created a greater difficulty in coming to a definite determination.

15805. Do you mean that it would have embarrassed you in dealing with the corporations?—We could have dealt with the Merchants' Committee here, and we could have dealt with the Governments here, but if we had come to terms, I do not think that we should have been able to secure the adhesion of the whole of the municipalities in South Africa to the terms and

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conditions that were proposed here by their delegates, although there was an earnest desire to come to some arrangement, as you know.

15806. I suppose, if we should have a United South Africa, some arrangement of that kind will be come to?—I have very great hopes myself that some arrangement will be made whereby we can have a thoroughly representative committee. I do not know, I am sure, what form it may take—whether it will be suggested that gentlemen be appointed representing the mining industry on the other side, or other industries, or the Chambers of Commerce or representatives of the railway administrations to be represented on that committee. But I am quite certain of this, that we shall never get a satisfactory solution of this question until we have a representative Committee to go to with which we can discuss our troubles and see if we cannot come to some solution.

15807. You go a little bit further than Sir Donald Currie, in thinking you could discuss a good deal with such a committee?—I have my own opinion about it. My own personal opinion is, that I find it is done in other trades, and I really do not see that we cannot do it in the South African trade.

15808. You think you can do it in your South African trade?—Yes, I do.

15809. (*Chairman.*) Supposing that there is no Conference steamer that sails for a certain port, and that a merchant wishes to ship his goods from that port, he would forfeit his rebates if he did so, would he not?—Yes, unless he shipped by sailing vessel, but there is no recognised port in our trade which some Conference steamer does not go to. I think Sir John Macdonell, perhaps, missed that point when he spoke a little while ago of a man being bound to ship by the Conference steamers. Everybody has the alternative of shipping by sailing vessel.

15810. (*Sir John Macdonell.*) You would not say that that is a practical alternative in most cases, would you? You might as well tell him he might go by balloon?—We had rather curious evidence in Johannesburg. One gentleman said he was quite willing to send his goods by sailing vessel, and had done so.

15811. (*Chairman.*) The same thing applies to the case of a merchant who wishes to ship his goods to a certain foreign port to which no Conference steamer sails; he cannot do so without forfeiting his rebates, can he?—If we could not supply a steamer for carrying those goods to the destination, we should have no right whatever to use any power, or any influence which we possess to prevent that man from doing his own business.

15812. There, you see, again, views differ. We have heard evidence to the contrary. Still, I think all this points, does it not, to the conclusion at which you have arrived, namely, that there is a multitude of questions which have to be, or will have to be, decided from time to time, and for the purpose of deciding those questions there must be negotiations between the shipowners and those who represent the merchants?—Quite so.

15813. About that, you have no doubt that it is essential that there must be two representative bodies?—In my own mind I have no doubt.

15814. About the powers that might be given by legislation to those bodies, you do not wish to express any definite opinion, I think?—I cannot.

15815. (*Mr. Reeves.*) With regard to that question of the pedigree stock, you compared, I think, the rates which might fairly be charged for pedigree stock with the rates charged for ordinary cattle; you are aware, of course, that there is a great deal of pedigree stock taken out to the Argentine, to Australia, and to New Zealand?—No, I am not aware that there is, but I have no doubt that there is.

15816. Therefore, you are not aware of the charge levied for that?—No, I am not.

15817. And you are not prepared to assert that your charges are as cheap as those?—I have not compared them. With respect to the evidence in South Africa, there was a question that Sir Alfred Bateman asked Sir Donald Currie the other day about a complaint which had been made in reference to samples. It is a very small thing, but it has been the subject of a complaint against the shipowners, and I am sorry that this gentleman did not give chapter and verse for his complaint, because that would have enabled me to trace it. I have not the slightest idea to what he refers, but he refers to a charge being made of 3*s.* per foot for a Colonial production for a port of destination on the Continent. The total freight at 3*s.* per foot for 5 feet is 15*s.*, and it is quite possible that after the goods have arrived here, they might cost quite half that to get them to their destination on the Continent. I might say, with respect to the parcels, that we are very light in our charges for parcels. We are continually bringing home cases of products and preserves, for which we charge 7*s.* 6*d.* We bring home a great number of parcels freight free altogether; we bring home samples of wool freight free, and samples of bark freight free, for instance. Therefore, I think that this seems rather an absurd and unimportant thing to bring up before the Commission; but as you have made a special note of it, I thought I would like to say what I have said.

15818. (*Chairman.*) It is a very small point?—I do not know whether you care for me to go into this question of the alleged excessive rates of freight. There have been reasons shown on page 11 of the summary of evidence taken by the Sub-Commission in South Africa why in the opinion of certain gentlemen on the other side our rates are excessive.

15819. I should like to know your views?—There is a very favourite argument of Mr. Hosken and Mr. Jagger that steamers, as they say, passing their ports to India and Australia, should have the opportunity of carrying their goods out to South Africa. These gentlemen brought before the notice of the Sub-Commission the fact that steamers were willing to carry coals out from Cardiff to India at exceedingly low rates. I think it was Mr. Jagger who brought forward a quotation from "Fairplay" to show that vessels had been carrying coals from Cardiff to Bombay at 10*s.* per ton. It is rather extraordinary that these gentlemen should pitch upon a time when freights were exceedingly depressed, for the purpose of their argument. I have also the same authority here of last week, in which it is shown that the Bombay rates are 13*s.* 6*d.* 13*s.* 6*d.* has been paid last week by the Admiralty, but these steamers that go to Bombay do not, as Mr. Hosken says, usually go past his ports. As a rule an owner who goes out to Bombay would rather pay the Canal dues than incur 20 days' more steaming, 20 days' more victualling, and 20 days' more wages, to say nothing of loss of time and increased insurance which he would incur by going out round the Cape, because a vessel, by the time she arrives at the Cape, could be at Bombay, the distance being very much about the same. Then, on the other hand, these steamers are very large vessels who go out with coals to India. They are steamers sometimes carrying 6,000 or 7,000 or 8,000 tons. Now 8,000 tons, even at 13*s.* 6*d.* is a very handsome freight; it is £5,400. It is a very long time since a Cape steamer made that freight for her outward voyage to the Cape. I will point out that these small Cape liners are quite as expensive to work as an 8,000-ton steamer. They carry more hands, and they would burn quite as much coal. I should like, if I may, to pursue this a little further. I will assume that Mr. Hosken might get a tramp shipowner willing to entertain his proposal that instead of going out to Bombay with coals he should divert his steamer round the Cape and take a general cargo. I am very sorry Mr. Austin Taylor is not here, because I think I might get some assistance from him. I can imagine the tramp shipowner might say, "If I am going to "run all the expense and the risk and the disad-"vantages of carrying a full cargo, consisting perhaps "of anything from a railway engine down to a box "of candles, with all my tremendous expenses for "stevedoring, I should want at least 5*s.* per ton more "than I should take for a cargo of coals." Then if he were asked to load his ship at Hamburg, Middlesbrough or London, he would say, "You are asking me "to load my ship at two of the most expensive ports "in Europe against the very inexpensive port of "Cardiff, and I want half-a-crown for that; then you "want me to discharge at five ports at the Cape "against my one port of Bombay, and I want another "half-a-crown for that, and I shall require something "extra for the increased detention in loading and "discharging a general cargo," and so on. When you

come to add these *pluses*, you very soon get into the region of 24*s*. or 25*s*. If Messrs. Hosken and Jagger were no more fortunate than the Conference Lines have been in getting their friends to come forward to fill that steamer, and they were only able to collect half a cargo, or two-thirds of a cargo (because they could not expect the tramp shipowner to run that risk), they would very soon find that the expenses of getting their cargo out in that way would be far more than they are paying under the Conference rates, with the great disadvantage that they would only have then a tramp steamship and the liabilities attaching to the position of a charterer. I thought I would just like to mention that, because the argument put forward appears so plausible, and yet I am quite sure that if it is examined it will be seen to be quite fallacious. Just one word with respect to Mr. Jagger. Mr. Jagger has been good enough—and this is rather an important thing, because it has been printed——

15820. We have one more witness to-day. This will not take long, will it?—It will not take one minute. Mr. Jagger has given the Sub-Commission a list of the Australian rates, which appears in your Appendix, page 23, and has compared them with the South African rates. Mr. Jagger has ignored the fact that he has given the lowest rates applicable to Australian cargo steamers, as compared with the rates for South Africa, including the mail steamers. Mr. Jagger ignores the fact that the Australian mail steamers charge very much higher rates than those; in fact, there is only one rate at the present moment ruling for Australia, and that is by the mail steamers the Orient and the P. and O.—60*s*. per ton all round. Sir Alfred Bateman will remember what an outcry there was in East London because the mail companies had signified their intention of not taking second-class cargo for East London. I can imagine what an outcry there would be if the South African Mail Company were to issue a notice to the same effect as is adopted by the Australian Companies, namely, one rate only by mail steamers, and that a first-class one.

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15821. (*Sir Alfred Bateman.*) Mr. Hosken was not the only one to complain of the existing rates?—I know, but these arguments are put forward, and they do look so plausible. It is only when they come to be examined that you see that they are fallacious.

Mr. Robert Newton Crane, called and examined.

15822. (*Chairman.*) As we all know, you are a member of the Bar of the Supreme Court of the United States?—Yes, I am.

15823. And also a member of the English Bar?—Yes.

15824. You were called to the Bar by the Middle Temple in 1894?—Yes.

15825. You are the legal adviser of the American Embassy in London?—Yes, I am.

15826. In fact, we all know that you have been engaged for a great number of years on important matters connected with America. You have prepared a short statement for us, I think?—Yes.

(*The witness handed in the following statement.*)

1. I am a member of the Bar of the Supreme Court of the United States, to which I was called in 1883.

I am also a member of the English Bar, to which I was called by the Middle Temple in 1894.

I am the legal adviser of the American Embassy in London.

Prior to my call to the English Bar, I was actively employed in the practice of my profession in the United States, and for upwards of 30 years have been engaged in matters of an International character.

I am familiar with the Statutory Law of the United States, and with the decisions of the Federal Courts of the United States upon the cases in which the various acts regulating inter-State commerce have been construed.

2. Where in the United States trade and commerce are entirely confined to the limits of a particular State, such trade and commerce are regulated by the Legislature of that State, subject to certain fundamental principles laid down in the Constitution of the United States, such for instance as the inviolability of contracts.

3 As regards trade and commerce between the various States or between a State and a foreign country, it is settled law that the Constitution of the United States gives to the Federal Congress the exclusive regulation of such trade and commerce, and the Supreme Court of the United States is the one ultimate judicial authority on all questions of inter-State and foreign commerce. (United States Constitution, Art. 1, Sec. 8, par. 3.) (Gibbons *v.* Ogden (9 Wheat U.S.) Kidd *v.* Pearson, 128 U.S. 16.)

4. In the exercise of its authority, the Congress of the United States has passed a number of Acts to regulate inter-State commerce.

App. XI. (B).

5. The first of these was the Act of 1887 (24 U.S. Statutes at Large, 379). This applies to any common carrier by railway or partly by rail and partly by sea, but does not apply to those who are carriers only by sea. Its principle objects were:—

(i.) to secure just and reasonable charges for transportation;

(ii.) to prohibit unjust discriminations in rendering like service under similar circumstances and conditions;

(iii.) to prevent undue preferences, by any special rate, rebate, drawback, or other device to persons or localities;

(iv.) to inhibit greater compensation for a shorter than for a longer distance over the same line;

(v.) to abolish combinations for the pooling of freights; and,

(vi.) to establish an inter-State Commerce Commission and to confer upon it authority to enquire into the business of all common carriers, and to enforce the Act.

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6. This Act was followed by the Act of February 19th, 1903, popularly known as the "Elkins Act." This latter Act was amendatory to the inter-State Commerce Act, and defines in what manner corporations shall be embraced in the scope of the principal Act and how far the proceedings shall be conducted and the penalties enforced. App. XI. (C).

7. So far as these two Acts are concerned, I am of opinion that neither of them applies to those who are carriers exclusively by sea. This is also true of the Act of June 29th, 1906, known as the "Hepburn Act" (34 U.S. Statutes at Large, 585).

8. The power of Congress to regulate commerce between the different States and with foreign Powers, also authorises it to protect inter-State and international trade or commerce from monopolies and combinations. Under this authority, Congress has enacted a statute, known as the "Sherman Act" (July 2nd, 1890, 26 U.S. Statutes at Large, 209). This Act declares that all contracts, combinations in the form of trusts or otherwise, or conspiracies, in the restraint of inter-State or international trade or commerce, are illegal, and that persons so combining are guilty of misdemeanour. Monopolising or attempting to monopolise, or combining or conspiring to monopolise the trade, is also declared a misdemeanour. Provision is made for the method of procedure under the Act, for the forfeiture of property owned under any contract in restraint of trade or by any illegal combination and for the recovery of damages by any person injured by reason of anything declared unlawful by the statute. App. XI. (A)

9. There have been a number of decisions upon this Act by the Supreme Court of the United States, the most important of which is United States *v.* Trans-Missouri Freight Association (166 U.S., 290), in which is set out the history of the passage of and the debates in Congress upon the Act, and in which it was held that the Act applies equally to all contracts and combinations, whether or not they were reasonable or whether or not they were unlawful at common law.

10. In my opinion, a combination among foreign ocean-going transportation companies, designed to prevent competition in traffic rates of such companies, with the effect of operating as a restraint of trade, would be invalid under and punishable by the Sherman Anti-Trust Act.

11. I am acquainted with the system of deferred rebates, which is the subject of this enquiry, and I

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am of opinion that such a system is *primâ facie* illegal under the Sherman Act.

12. My attention has been called to the case of Thompson *v.* Union-Castle Mail Steamship Company, it having been somewhere suggested that the decision of Judge Hough, in the trial of that case, in the United States Circuit Court for the Southern District of New York, in January, 1907, was to the effect that such a system of rebates was not illegal under the Sherman Act. I do not think that this case decides this. I have not seen the pleadings, and there is no sufficient statement of facts in the report to enable me to ascertain the reasons for the learned Judge's judgment. Apparently, the action was for damages which the plaintiffs alleged they had sustained by reason of the rebate system imposed upon them by the defendants, and that their loss was proximately caused by the violation by the defendants of the Sherman Act. The learned Judge found that the plaintiffs had not made out their case. All pleadings in America are highly technical. In Gibbs *v.* McNeeley (1900, 102 Fed. Rep., 594) it was decided that a complaint in a civil action based on the Sherman Act, alleging an illegal combination by the defendants in restraint of trade, is fatally defective, where it fails to show that the plaintiff has suffered damage by reason of such combination. The Judge in Thompson *v.* Union-Castle Line was doubtless influenced by this decision. His judgment will be found in 149 Federal Reports, p. 933, where it will be seen that the learned Judge held that the plaintiff's right to the rebates sued for was not an item of damage that proximately grew out of the combination of shipowners, and hence he was not entitled to recover under the Sherman Anti-Trust Act.

13. It does not affect the general question as to whether the Sherman Act applies to purely sea-borne commerce, and I am of opinion that a contract embodying a system of deferred rebates if made in the United States, or even if made out of the United States, and affecting the commerce or trade of the United States would be illegal under the Sherman Act, and would subject those who made such a contract to the penalties imposed by the Act, provided an action was instituted to recover such penalties in the United States, and the Federal Courts had jurisdiction of the parties.

15827. (*Chairman.*) As regards the trade and commerce which is entirely confined to the limits of a particular State, I am right in saying, am I not, that according to the Constitution of the United States that is to be regulated by the Legislature of that State?—Yes, that is so.

15828. Subject, of course, always to the condition that the Act must not violate certain fundamental principles which are laid down in the Constitution of the United States?—Yes, that is quite true.

15829. On the other hand, as regards the trade and commerce between the various States or between a State and a foreign country, it has been formally decided in the Supreme Court of the United States that over that trade and commerce Congress has exclusive jurisdiction?—Yes; the Federal Authority of the United States has exclusive jurisdiction.

15830. That, of course, is again subject to those fundamental principles which are enunciated in the Constitution?—Yes.

15831. You say in your proof that in the exercise of its authority the Congress of the United States has passed a number of Acts to regulate inter-State commerce?—It has passed three such Acts.

15832. What is the first of those Acts?—The first of those Acts was the Act of 1887, which is known as the Inter-State Commerce Act. That applies to any common carrier by rail or partly by rail and partly by sea, but it does not apply to carriers exclusively by sea.

15833. It has been decided, has it not, that it does not apply to those who are only carriers by sea?—That is true.

15834. Will you kindly tell us what the principal objects of that Act are?—They are recited in the Act, and they have also been defined by certain judicial decisions which are the result of litigation upon the Act. Primarily, they are to secure just and reasonable rates for transportation: then again to prohibit unjust discriminations in rendering a like service under similar conditions, and to prevent undue preferences by any special rate or rebate or drawback or any other device of that kind, either to persons or to localities. Then the Act provides that there shall be no greater compensation for a shorter than for a longer distance of haul over the same line. The Act also abolishes combinations for the pooling of freights; and as a last and a principal feature of the Act, there is established a Commission which is known as the inter-State Commerce Commission, the members of which are appointed by the President, subject to confirmation by the United States Senate, who hold office for a term of years, and upon them is conferred authority to inquire into the business of all common carriers which do the work of transportation, either of passengers or of freights, between the different States of the United States.

15835. Do they deal with any cases affecting the owners of steamers who are not engaged in a railway business?—Those do not come within the provisions of the Act.

15836. Are the members of that inter-State Commerce Commission lawyers principally, or merchants, or what?—They are not selected with reference to any vocation they follow, or any profession. As a matter of fact, I believe the Chairman of the Commission was a practising lawyer of some importance before going into that Commission. Some others of the Commission are merchants.

15837. The Act to which you are now referring, of 1887, was, I understand, followed by a later Act of February 19, 1903, which is known as the Elkins Act?—That is true. There were some questions whether or not the first Act was sufficient to meet all the incidents that might arise where legislation was required, and therefore the Elkins Act of 1903 was passed more particularly to define in what manner corporations should be subject to the provisions of the Act.

15838. On looking to that Act, it is clear that it only applies to cases to which the inter-State Commerce Act applies, and therefore again the Elkins Act does not apply to the cases of steamships belonging to persons who do not carry on a railroad business?—That is so.

15839. That is clear, is it not?—It excludes from its provisions all carriers solely by sea.

15840. In paragraph 8 you make this statement, which is one of importance: "The power of Congress "to regulate commerce between the different States "and with foreign Powers also authorises it to pro- "tect inter-State and international trade or com- "merce from monopolies and combinations. Under "this authority Congress has enacted a statute, "known as the 'Sherman Act.' This Act declares "that all contracts, combinations in the form of "Trusts or otherwise, or conspiracies, in the restraint "of inter-State or international trade or commerce, "are illegal, and that persons so combining are guilty "of misdemeanour. Monopolising, or attempting to "monopolise, or combining or conspiring to mono- "polise, the trade, is also declared a misdemeanour." That Act applies generally to all persons and companies and corporations, does it not?—It does. In that respect it is distinguished from the Act of 1887 and the Elkins Act. There is another Act which was passed last year called the Hepburn Act, which follows the Elkins Act. None of these three Acts in any way meets the case of solely sea-borne carriage, but the Sherman Act is an Act which relates to that kind of carriage as well as also to the carriage wholly by rail or partly by rail and partly by sea.

15841. There have been some decisions upon the Sherman Act in the Supreme Court of the United States, and one of the most important, you say, was given in The United States *v.* The Trans-Missouri Freight Association?—That decision is especially important as it gives the history of the Act, and in addition holds that the Act applies equally to all contracts and conditions, whether or not they were reasonable or whether or not they were unlawful at common law.

15842. That is a very important decision; but there was a great difference of opinion in the Court, and it

was a decision by a majority of two, was it not?—I regret to say that in nearly all the important cases where the Acts have been construed there has been a minority opinion delivered; that is to say, the Court is rarely unanimous, not so much with respect to the interpretation of the law as with respect to its application to the various cases that come before it. This was one of those cases where there was a majority opinion of the Court and a minority opinion also.

15843. At any rate, this case did decide this important point that the Sherman Act applies to every contract which is in restraint of trade?—That is true.

15844. I believe you are acquainted with what we call here the system of deferred rebates?—Yes, I am.

15845. Are you of opinion that the system of deferred rebates comes within the scope of the Sherman Act?—It does. It has been so decided within the United States with reference to certain kinds of carriage, but there has been no case that I know of in which it has been applied to solely sea-borne traffic. I have no doubt whatever—in fact I am very confident in my opinion—that if a case should arise, it would come within the four corners of the Sherman Act.

15846. Because it tends to a monopoly, whether or not it be reasonable?—Very true.

15847. Your attention has been called to the case of Thompson *v.* The Union-Castle Mail Steamship Co.?—Yes, it has.

15848. It has been thought by some, I believe, that that case, which was decided by Judge Hough, decided that the rebate system is not a violation of the Sherman Act; but it is, I think you will agree with me, a mistake to say that that case decides anything of the kind?—I am quite sure that it does not decide that point.

15849. I want, if you will allow me, to point out to you that the learned Judge, in that case, says: "If "this case had been promoted by the United States, "or even by a shipowner, who, by the combined action "of the defendants, had been prevented from freely "engaging in commerce between New York and South "Africa, I think very different questions would have "been presented for consideration." In fact, the only point decided by that learned Judge is, that there was no evidence that the plaintiffs had sustained damage, and the action was brought only under the 7th section, I believe, which enacts that a person who is damaged by certain illegal action is entitled to maintain an action?—That is true. I might perhaps explain that the Act is entirely penal in its character, and that the first six sections of the Act relate only to the punishment of those who infringe its provisions, by declaring that the offence is a misdemeanour. The last section of the Act, the 7th section of the Act, gives a right to the individual, who claims that he has been damaged by the operations of individuals in contravention of the Act, to bring an action for damages, in which case, if he succeeds, the damages that he receives are three times the amount of the loss that he has suffered. That Act has been once or twice invoked by private shippers and others who considered themselves to have been affected by rebates; but in each instance, the Courts have very technically construed the Act, and have decided that the pleading must allege that the loss was suffered in consequence of some offence under the Sherman Act, and that the loss or damage must be approximately caused by an offence under the Act. In the particular case to which you allude, the Judge decided that the plaintiffs had not made out their case, and had not shown that the loss which they allege they had suffered was approximately caused by an offence under the Sherman Act. That is all, I think, that there was in the case. I have since learned that this decision, which is that of a Judge of a Court of First Instance, has been appealed from—I learned that only within a day or two—and that it is expected that the case will be heard by the Appellate Court within a comparatively short time.

15850. At any rate, you are clearly of opinion that the system of deferred rebates would be a violation of the Sherman Act?—Yes, I am of that opinion.

15851. I see you state in paragraph 13: "That a "contract embodying a system of deferred rebates if "made in the United States, or even if made out of "the United States, and affecting the commerce or "trade of the United States, would be illegal under "the Sherman Act, and would subject those who made "such a contract to the penalties imposed by the Act, "provided an action was instituted to recover such "penalties in the United States and the Federal "Courts had jurisdiction of the parties"?—I have no doubt of that opinion.

15852. (*Sir John Macdonell.*) You have mentioned the Hepburn Act; that, I think, was passed in 1906?—Yes.

15853. That Act contains, if I mistake not, some provisions applicable not merely to traffic carried in the United States, but to traffic carried under a through bill of lading to a destination outside the United States?—Yes. It also provides, with respect to the goods which are carried from one point in the United States through a foreign country, such as Canada, for instance, to reach an ultimate destination still within the United States.

15854. It also empowers, if I mistake not, the inter-State Commission, on applications under the original Act, to fix what the Commission thinks a reasonable rate?—Yes.

15855. The Sherman Act, which you have described, applies, if I understand rightly—and you will tell me if I am wrong—not merely to contracts which are unreasonably in restraint of trade, but to contracts coming within the meaning of the words of the Act, even if such contracts may be reasonable, provided they are in restraint of trade?—Very true.

15856. So that the purview of the Sherman Act is so comprehensive, that if there were any contract which restrained trade in virtue of a combination, however reasonable the restraint might be, the pains and penalties of the Act would apply?—That is true.

15857. I understand that, with your knowledge of the rebate system, you are prepared to say that, provided a similar system were established in that country, that Act would cover the rebate system?—I am.

15858. What, might I ask, would be the penalties that would be applicable to the persons who were parties to such an agreement?—You are asking me, if there was such a fact, what the penalties would be?

15859 In other words, what are the penalties under the Sherman Act?—The penalties, so far, as the person who suffers loss by reason of the rebate is concerned, do you mean?

15860. First, as regards the rebate?—The seventh section of the Act provides that, "Any person who "shall be injured in his business or property by any "other person or corporation by reason of anything "forbidden or declared to be unlawful by this Act, "may sue therefor in any Circuit Court of the United "States in which defendant resides or is found, with-"out respect to the amount in controversy, and shall "recover threefold the damages by him sustained."

15861. (*Chairman.*) Will you read section 3?—Yes; but I was just reading section 7 as to the amount of the penalty, in answer to what Sir John Macdonell asked as to what would be the loss sustained by the individual guilty, as I understood him, of making a rebate agreement. Section 3 of the Act provides as to what constitutes the offence.

15862. (*Sir John Macdonell.*) If you would not mind, I would like just to refer to section 7. Section 7 could be invoked by any shipper who proved to the satisfaction of the Court that he had sustained damage in consequence of this agreement?—Yes.

15863. And the penalty, as I understand you, is three times such damage, whatever it might be?—Yes.

15864. So much so far as the shipper is concerned. What would be the penalty under the Act so far as the parties to the contract were concerned? That is governed by another section, is it not?—That is governed by section 3. That provides that "Every "contract, combination in form of a Trust or other-"wise, or conspiracy, in restraint of trade or com-"merce in any Territory of the United States or the "District of Columbia or in restraint of trade or com-"merce between any such Territory and another, or "between such Territory and any State or with "foreign nations, is illegal, and every person who "shall make any such contract or engage in any such

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"combination or conspiracy, shall be guilty of a mis-"demeanour, and on conviction thereof shall be "punished by a fine not exceeding $5,000, or by im-"prisonment not exceeding one year or by both such "punishments, at the discretion of the Court."

15865. That substantially is the scheme of penalties under the Act, and I think I am right in assuming that the Court in construing that Act has not gone into the question whether or not the restraint is reasonable?—That is so.

15866. The one question is: Is there restraint?—Is there restraint. is the only question.

15867. (*Chairman.*) To conclude this part of the subject, the fourth section enables the Court to grant an injunction to prevent such contracts being carried into execution?—Yes.

15868. (*Sir John Macdonell.*) I think the Chairman's questions have made it clear, but I would like you to repeat it if possible, that the Act applies to all individuals and to all corporations within the United States?—Yes.

15869. Is it absolutely clear that if the offence were committed outside the United States, the Act would apply?—Some doubt was thrown upon that by the decision in Thompson *v.* The Union-Castle Mail Steamship Co. But with all submission, I think the Judge was in error there, and was in some degree of confusion In that particular case, he said that the combination had been made in England and there were no parties in the United States who were parties to the combination or to the forming of it, but solely the agents, that is the shipping agents in New York, who, he contended, did not come within the provisions of the law. Speaking for myself personally, no matter where the combination was made, if it was put into force or into effect in the United States, and those who put it into force or into effect in the United States should be found to come within the jurisdiction so that service could be made upon them, I have no doubt whatever that if such combination affected the trade of the United States they would be guilty of a violation of the Sherman Act.

15870. I see your position. In other words, if the parties to such an agreement, if made within the United States or out of the United States, were within the jurisdiction of the Federal Court, they would be amenable to the Federal law, provided their acts complained of affected trade?—If they did some act in the United States and were found there themselves so that they could be made amenable to the Act, I have no doubt they would be punished under the Act.

15871. You mentioned, in answer to a question put to you by the Chairman, that you were familiar with the rebate system as existing in this country. Have you formed any opinion whether or not such a contract as is formed by the rebate circular and the acceptance of it is a contract in restraint of trade?—I can only judge from my knowledge by the litigation upon the subject in the United States, and I can only judge from my knowledge of how the Act has been interpreted there. I think nearly all forms of rebates, or as the Act says, devices in the way of restraint of trade, giving advantage to one or more persons, are illegal, and that the authors of them or those who give them are punishable under the Act.

15872. There is another class of question on which I should like your assistance, and it is this: Supposing, for the sake of argument, there were to be an Act passed in this country in very much the same terms as the Sherman Act, how would that Act be applied if proceedings were taken upon it in the Federal Court of the United States? Do I make myself clear?—Yes; but it is an academic question, to a certain extent.

15873. Be it so; but you are accustomed to answer all questions?—Let me see if I understand your question. You say, assuming an Act was passed here which contained similar provisions to those of the Sherman Act, whether, if anything was done under that Act in the United States, the persons who performed the work, whatever it was, would be amenable to punishment in that country.

15874. No. I take it for granted that your answer would be that so far as a penal clause was concerned that could not be applied?—Then I do not understand your question.

15875. I am not asking that question, the answer to which is so plain. I am thinking of the non-penal provisions in the Act—those which declare that such a contract is null and void?—It is difficult to say what would be done in the United States, because they would be called upon to construe there a contract which had been formed here, and if the law here said the contract was null and void, of course——

15876. I will not touch that impregnable position. I pass away from that. Again it is rather speculative ground, but supposing there were an Act passed in England to the effect that, the letter of the rebate circular notwithstanding, one of the parties to it, the shipper, might recover all or a portion of the rebates, how would that Act be applied by the Federal Court?—I am very sure it would be applied, because it would be simply the carrying out of a contract, the enforcement of a contract there, if the parties were found, which had been formed here. If it was a contractual matter, then of course the contract would be construed in the Courts of the United States.

15877. You see no reasons why, on grounds of public policy, or otherwise, effect would not be given to such a provision?—On the contrary, I think on the ground of public policy effect should be given to it.

15878. (*Lord Inverclyde.*) Have there been any cases under the Sherman Act where damages have been awarded as far as the shipping trade is concerned?—None that I know of. You must remember that the foreign shipping trade to the United States is comparatively small. While the commerce of the United States, so far as shipping is concerned, is very large, it is nearly all in the waterways of the United States or upon the coast of the United States between coastal ports. There has been, to my knowledge, no decision.

15879. So really the amount of damage that might be awarded has never been tested?—Excuse me one moment; I do not know whether I understand you upon this. The Sherman Act has been invoked where rebates have been granted in inter-State commerce, that is to say, commerce between different States of the United States or contracts between parties residing in different States. The Act has been invoked there, and damages have been awarded.

15880. Of course, we are here specially enquiring into shipping matters?—There have been none in purely foreign trade.

15881. From that I can also assume that no shipowners have been imprisoned under the Act?—That is so; in fact, I do not think anyone has been imprisoned under the Act, though a great many people have been fined very large amounts.

15882. (*Mr. Barry.*) Penalties have been imposed upon land-borne trade, but you are not aware of any case where penalties have been imposed on sea-borne trade?—I cannot find any such case, and I do not think there is any such case.

15883. But, I suppose the decision would be the same in the one case as in the other?—Precisely.

15884. (*Professor Gonner.*) So far as I gather, the illegality of the combination does not consist in the deferred rebate system, but in its operation in restraint of trade?—It is considered that a rebate is in restraint of trade.

15885. But, of course, any other restraint would be equally illegal, I take it?—Yes, any restraint of trade would be.

15886. So that your evidence as to this does not limit the operation of that Act to steamship lines employing the deferred rebate system?—No, nor to rebates themselves.

15887. They might employ other devices—I think device is the word?—Device is the word used. Any device which they employ which is in restraint of trade would be an illegal restraint of trade.

15888. (*Mr. Owen Philipps.*) You mean, that any device employed by anybody in trade would be equally illegal?—If it was a device, the result of which was a restraint of trade, it would be illegal.

15889. (*Professor Gonner.*) If it sought, for instance, the elimination of competition which tends to the reduction of rates?—Yes. The whole purview of the Sherman Act, as well as of the other three Acts I have mentioned, was to make commerce as free as possible, to make competition as free as possible, and to prevent any monopoly with respect to it.

15890. So that steamship lines, if debarred from the employment of rebates, might have recourse to other combinations which might be equally illegal, I suppose?—Yes. It is difficult to see how any of them could be legal if they in anyway impaired the facility or freedom of trade.

15891. It is merely a test by the result—if it restrains trade?—Yes.

15892. (*Chairman.*) Any contract tending towards a monopoly would be illegal?—Yes.

15893. (*Captain Collins.*) Do you know whether there is a system of rebates in the coastal trade of the United States?—I do not.

15894. I did not know whether such a system existed prior to the Sherman Act which did or did not exist afterwards?—I do not know of any such case. There may be a case that the authorities have not yet inquired into, but I am very sure that if they now ascertain that there is a system of rebates, an attempt will be made to bring them to book under the provisions of the Sherman Act.

15895. Under the provisions of the Sherman Act—am I correct, or have I misapprehended you—one would have to prove loss, and there would be no operation of the Sherman Act merely because it was in restraint of trade, unless one could prove loss or damage?—Let me distinguish, for one moment, between the objects of the Act, the first of which was to punish people for doing it, and then the Act provides relief to the person who suffers. If there is any restraint of trade, the person offending is amenable to the punishment provided by the Act, and in the seventh section it is provided that the person who has suffered by reason of that, may bring an action against the person who has caused the loss, in which case he gets threefold penalties.

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15896. (*Sir Alfred Bateman.*) Have any of the great trading Trusts been interfered with in the United States by the Sherman Act?—There are numerous cases, but not under the Sherman Act, because it is more easy to bring them within the provisions of the other Acts which do provide for similar penalties where the commerce is between different States. As I explained a moment ago, most of the commerce in the United States is by land, or partly by land and partly by water. Most of the prosecutions have been brought under the Elkins Act, such as, for instance, the Standard Oil Co. prosecutions, the New York Central prosecutions, and the Sugar Trust prosecutions. Those were brought under the Elkins Act, because the operation of the Act is somewhat easier than that of the Sherman Act.

15897. But in spite of the prosecutions under any Act, the Trusts go on very much the same as they did, do they not?—The Trusts go on, but whether they are guilty of the particular offence for which the Act provides, is another thing. I think now there is a very beneficial state of affairs as a result of the Act, and shippers are particularly careful to see that there is no violation of the Act in the contracts they make. I think the condition of affairs is very much better by reason of the Act.

15898. Did you read in the paper the other day that the question is now being raised in the Supreme Court whether the Sherman Act is not in violation of a fundamental principle of the Constitution, because it tends to interfere with freedom of contract?—Yes, I saw that, but I have no respect for it. I think any time any rogue is apprehended, he can usually find some theory as to why he should not have been apprehended, but the Courts very rarely agree with him in that

Mr. Richard Grigg, called and examined.

15899. (*Chairman.*) You have lately passed a year in Canada as a Special Commissioner for the Commercial Intelligence Department of the Board of Trade?—Yes.

15900. You were sent there to report upon the conditions and prospects of British trade in Canada?—Yes.

15901. You have prepared a statement for us bearing upon the subject we are investigating?—Yes.

(*The witness handed in the following statement.*)

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1. I have lately passed a year in Canada as Special Commissioner for the Commercial Intelligence Department of His Majesty's Board of Trade, and have presented a report upon the conditions and prospects of British trade in Canada. Part of the report consists of a chapter on transport, and I am prepared to give evidence upon the statements therein, but do not possess the intimate acquaintance with shipping which would entitle me to do more than state the result of inquiries embodied in my report.

2. I believe all the lines of steamers carrying goods from Europe to Canada are included in Conferences, which agree uniform rates of freight. Up to and including part of 1907 the Canadian North Atlantic Conference Lines consisted of the Allan, Canadian Pacific Dominion, and Manchester Liners, but in that year the name was changed to the Canadian North Atlantic Westbound Freight Conference and includes the Allan (Liverpool and Glasgow), Canadian Pacific (Liverpool and Avonmouth), Dominion (Liverpool and Avonmouth), Donaldson (Glasgow), Manchester Liners (Manchester Ship Canal), and Thomson Lines (Tyne, Tees, and Humber).

3. A second Conference, known as the London Conference Lines, comprises the Allan, Canadian Pacific, Furness Withy, Johnson and Leyland, Thomson, Wilson and Furness Leyland Lines, carrying merchandise from London to Canadian points and to Boston.

4. Rates of freight by all the lines sailing from Great Britain are very nearly, if not all, identical. Although I am not aware of any evidence as to the proportion of the total tonnage carried by these lines, I believe it is so large as to constitute a practical monopoly. While I am not aware of any documentary evidence of agreement between the two Conferences named, it will be noticed that certain lines appear in lists of both Conferences, and there is reason to believe that an understanding exists between them.

5. A system of deferred rebates is in operation, a charge of 10 per cent. primage being exacted in many cases (although not in all), which is returned to the shipper at the end of six months, provided shipments have been confined to Conference Lines. I produce a freight circular stating that rates (with certain exceptions) carry 10 per cent. primage additional, returnable under usual conditions at the office of a leading steamship company the statement was confirmed without reserve.

6. Separate sets of rates are quoted for the summer season and for the winter season, winter rates being higher than those in summer, and both these sets of rates are divided into ordinary rates to Montreal, Quebec, St. John, Halifax, Portland, or Boston (depending on the season), and ocean proportionate rates, the latter being lower than the former and not applying to local Quebec or Montreal traffic, and they only apply to traffic shipped on through bills of lading.

7. Among the conditions is one headed blanket bills of lading, and providing that parcels for different consignees shipped to an agent for distribution abroad bear a greatly increased rate of freight—the apparent effect being to compel shippers to take out separate bills of lading, thereby incurring a charge for each bill of lading and a much greater probability of paying the increased rail rate applying to shipments of less than carload weight (15 tons).

8. The freight lists state that "traffic from countries "other than the United Kingdom carried at through "rates from original port of shipment is exempt from "the provisions of this tariff." I am informed that much lower rates than those shown in the list are accepted for goods not of British origin, and also for goods consigned to United States points, even where they pass through Canadian territory to reach destination, the difference on box and bale goods being 7*s.* 6*d.* for 40 cubic feet as against 15*s.*, and in

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crockery 6*s.* 6*d.* per ton weight against 10*s.* Up to a recent date the rate for dry goods destined for Canadian points from British ports to Boston stood for years at 8*s.* to 10*s.* per 40 cubic feet, but after the purchase of the Beaver Line, the rate was raised, and it now stands at 15*s.*, being the uniform rate of the Canadian North Atlantic Westbound Freight Conference.

9. In the case of passenger rates a distinction is made between the rates by very fast ships and those by slower ships, but for British goods for Canada, no difference appears to be made, notwithstanding a very marked difference in speed of ships.

10. I found in Canada a lack of information and indifference as to rates of freight, which occasioned me some surprise. It appears to be due to the fact that buyers compare delivered prices of British and American goods without much regard to and without inquiry as to the charges which go to make up the price.

15902. (*Chairman.*) The report which you have presented to the Board of Trade we have before us, and I should like to ask you a few questions relating to matters that are treated of in a part of that report. I believe that all the lines of steamers carrying goods from Europe to Canada are included in Conferences which agree uniform rates of freight?—I believe that is so.

15903. Up to and including part of 1907 there was a Conference called the Canadian North Atlantic Conference?—Yes; that was the name of a Conference which has been lately altered into the North Atlantic Westbound Freight Conference.

15904. That Conference includes the Allan, the Canadian Pacific, the Dominion, the Donaldson, the Manchester Liners, and the Thomson Lines?—Yes.

15905. There is a second Conference, which is known as the London Conference Lines, which comprises the Allan, the Canadian Pacific, the Furness Withy, Johnson and Leyland, Thomson, Wilson, and the Furness Leyland Lines, carrying merchandise from London to Canadian points and Boston?—Yes.

15906. Are those two Conferences connected with each other, do you know?—From the fact that their rates of freight are uniform, and that they include in one and the other the same lines, I believe that they are; but I have no documentary evidence to produce proving that that is so.

15907. At any rate both those Conferences charge the same freights?—Yes.

15908. And, as you say, they comprise in many cases the same Lines?—Yes; but not sailing from the same ports.

15909. As regards these Conferences, you say that "a system of deferred rebates is in operation, a charge "of 10 per cent. primage being exacted in many cases, "although not in all, which is returned to the shipper "at the end of six months, provided the shipments "have been confined to the Conference Lines." You do not know of any circular stating those facts, do you?—I have no circular which states them very fully, but there is the fact that on the freight circulars which I have before me there is this statement, which, if you will allow me, I will read:—"All rates on hats "and caps," which is the merchandise in this particular instance, "are at 40 cubic feet measurement, "with 10 per cent. primage returnable." In another place I find, "All the above rates," referring to a long list of rates, principally for dry goods, "with the "exception of those on wool, &c., carry 10 per cent. "primage additional returnable under usual conditions."

15910. That is rather a curious phrase—"under "usual conditions"?—I am afraid I have nothing except information obtained by word of mouth upon what those usual conditions are.

15911. I suppose, they are usual conditions known to the trade?—Yes. I have here letters from shippers who do not desire their names to be mentioned, confirming the fact that these conditions apply, and stating what they are.

15912. There really can be no reason why there should be any secrecy about these if they are the usual conditions; surely, we should be informed what those conditions are?—I urged that fact, but I find that a good many shipping people are very shy of talking.

15913. But really that is, I was going to say, too absurd. The paper you quote speaks of the usual conditions under which goods are shipped, and it is absurd for shippers not to come forward to state what their views are upon the usual conditions?—It is possible that shippers may do so under examination here; but when I sought the information, desiring to produce it here, I found them very reluctant to give it except under the seal of confidence.

15914. Do you know what the usual conditions are?—I do know from information which has been afforded to me by shippers.

15915. Tell me what they are?—I have it in writing somewhere, I think, but I can give it best from memory. A primage of 10 per cent. is charged, and the total amount of the 10 per cent. upon the whole tonnage shipped during a period of six months is returned to the shipper, provided he has not shipped in a non-Conference Line during that period.

15916. (*Professor Gonner.*) Have you asked the shippers whether they have had a circular or circular forms stating these conditions? Because if so, shippers need not disclose their names when showing us those?—Not once, but ten times.

15917. And they, none of them, had such circulars?—No.

15918. (*Chairman.*) We are going to call a Canadian shipper, I think?—I have a letter here, received this morning, on that very subject. The man said to me: "I am sorry I have no printed circular relating to the "return of primage, but there is no question whatever "of its existence, as the payment is payable on "demand." But he had not got a circular, and he could not produce one.

15919. In paragraph 6, you say separate sets of rates are quoted for the Summer season and for the Winter season?—Yes.

15920. In the next paragraph, you say: "Among "the conditions is one headed Blanket Bills of Lading, "and providing that parcels for different consignees "shipped to an agent for distribution abroad bear a "greatly increased rate of freight, the apparent effect "being to compel shippers to take out separate bills "of lading." Would you mind explaining that a little to us?—Shipping agents, who collect tonnage from various shippers and send it forward, have been in the habit—but with some difficulty, because of the objection raised by the ship—of combining articles in the same class and, therefore, bearing the same rate of freight, under what they term a blanket bill of lading. I understand the term to mean that goods destined for various people in, perhaps, the same town, shall be sent under one bill of lading, which is termed a blanket bill of lading, and distributed to the buyers at the point of destination, the object being to obtain the benefit of the full-carload rate, as against the less than carload rate, and to avoid the charge which is made for each bill of lading.

15921. That implies, does it not, that the rate of freight varies according to the quantity of goods forwarded?—Yes.

15922. (*Professor Gonner.*) But it is a through bill of lading, and here you are referring to carloads on the railways?—I am afraid I had overlooked that. That does refer largely to the railway carriage on the other side, where lower rates of freight are given on through parcels.

15923. (*Chairman.*) Then the blanket bills of lading refer to the carriage on land?—Yes, that relates to the rail carriage.

15924. In paragraph 8, you say: "The freight lists "state that 'traffic from countries, other than United "'Kingdom, carried at through rates from original "'port of shipment is exempt from the provisions of "'this tariff'"; and then you go on to say, you are informed that much lower rates than those shown in the list are accepted for goods not of British origin, and also for goods consigned to the United States; why is that, do you think?—I suppose it means that a ship sailing from Liverpool can only obtain the tonnage due to goods manufactured in Germany, by taking for its freight across the Atlantic a lower rate than it would ordinarily accept because of the extra cost of sending these goods from the point of manufacture in Germany to Liverpool.

15925. That, of course, is injurious to British trade?—I am not sure how far it may be held to be so. It is found tonnage and it might be said, and probably would be said by the shipowner, that if he did not carry it at the best rate he could get, somebody else's ship would carry it from the nearest German port, and presumably it would be so carried.

15926. I see you end by saying you were surprised to find in Canada "a lack of information and indifference as to rates of freights?"—That was so.

15927. They did not care much what the rate of freight was, do you mean?—They seemed to know very little about it. I was never more surprised than when I attempted to obtain information in pursuance of my instructions upon this subject in Canada.

15928. It seems that we are incapable in England of appreciating the causes of any feeling which is said to prevail in our Colonies. You cannot understand why there is such indifference in Canada to the rates of freight, and some of us here cannot understand why there is such a strong feeling in South Africa against the system of rebates. You have not been able to trace the origin of that feeling in Canada, have you?—No, I am afraid I cannot say I was able to do so in Canada, though I found no lack of information in England.

15929. Do you not think that the practical conclusion is that they do not consider they are injured by excessive rates? Do you not think that if they were injured by excessive rates they would cease to be indifferent?—One has to remember that Canada, unlike South Africa and Australia, has alongside it a very important manufacturing country—the United States; and that they obtain their goods under conditions of severe competition from manufacturers in the United States. They are a very busy people, and all services are extremely dear. Every man, as we should count it, does about two men's work, and they do not go carefully into factors which make up the price of the article which is offered to them; but they roughly put together figures which show the price at which it is laid down at their works, and if the American price for an article of equal quality is lower it is taken, but if the British price is lower that is taken. They do not seem to me to have exerted themselves in the way that I fully expected to find in order to ascertain exactly how the cost has been made up. When I come to the shipping people here, I find the Canadian shippers on this side are keen enough about it.

15930. (*Sir Hugh Bell.*) I want to ask you some more questions upon the subject of the blanket bills of lading. I understand that the object of the shippers is to get the quantity of goods together enough to make a carload on the other side?—That is the object of the shipping agent.

15931. The shipper, or the shipping agent, or whatever you may call him, on this side wants to get a carload on the other side?—Yes, that is so.

15932. Whose interest is it that he should not have a carload on the other side?—I suppose the railway companies would get a larger sum of money out of a part carload than they would out of a full carload; therefore it is the railway companies'.

15933. Do you imagine that the railway companies are using some influence to prevent the so-called blanket bills of lading?—I suppose that would be the conclusion to be drawn from the facts.

15934. There is another suggestion which occurs to me, which is that, perhaps, as they are taken on through bills of lading the shipowner himself may desire to charge a larger through rate on small quantities, and then to pack it all on to one car when he gets to the other side, and put the difference into his pocket?—I should think both factors apply.

15935. You think both factors might apply?—I should think they very likely both apply. It must be remembered that the railway companies in some cases are themselves owners of steamers, and they advantage both ways.

15936. I do not see that you mention any case except that of the Canadian Pacific?—That is an instance; the name indicates that.

15937. I do not like to suggest to you that the shipowners are not sufficiently clever to have found out this game; but have you any idea that that may be so, and that the cuteness is entirely on the part of the railway companies?—I think that there is nothing concealed from the shipowner in the matter. He is fully aware of the whole of the factors, I should say.

15938. Do you incline on the whole to think that it is the railway company that is influencing the exclusion of blanket bills of lading?—I would rather put it that it is the obvious interest of the railway company to do so.

15939. Cannot you take it any further?—If you desire it, I should say that I think it probably is so.

15940. You are not speaking vaguely now, are you? I am asking you, because I desire to know whether there is some influence brought to bear upon the shipowner to adopt this course, other than his own obvious self-interest?—It would be very difficult for me to answer that question, because I am not aware what happens as between the railway company owning a ship and the other members of the Conference; but the inference is strongly in favour of the opinion that the railway company urge this course, and I am of opinion that that does happen.

15941. Would it be fair to ask you whether the opinion which you are expressing as your own is an opinion commonly held in Canada?—It is not so much held in Canada, because they know so little about it, but it is very strongly held amongst shippers in London and Liverpool. It is surprising how indifferent and ignorant the Canadians appear to be upon this subject.

15942. The answer you gave to the Chairman is an obvious explanation of that indifference. You believe the shipper in London is doubtful as to the policy of the Canadian railways, and I want to get from you if you have any view as to the existence of any similar opinion in Canada?—Do you mean, relating to goods coming by ship?

15943. I am referring to these blanket bills of lading?—I cannot say that I found anybody in Canada who seemed to know anything about it. I asked questions in all sorts of places, and I was surprised to find how little they know.

15944. I do not know whether the Chairman considers it bears on the subject into which we are inquiring, but I would like to put this question to you, with the Chairman's permission: Would it be fair to deduce from what you are saying that there does exist in Canada a strong opinion as to the attitude adopted by the Canadian railways?—I am afraid I cannot say that I have heard and was informed by Canadians that there is a strong feeling, on this question of the shipments of goods, in Canada towards the Canadian railways. They do not seem to bother much about this at all.

15945. You are quite justified in your answer, and I would like to know if you would enlarge it. I put it to you, quite generally, and I did not confine it to the shipments of goods?—I have heard the railway companies criticised very severely in Canada, and I have also heard the railways criticised severely in other places.

15946. You have taken no further step, have you? Do you mean that railway companies all over the world fall under one common denunciation?—I do not know that I should be justified in going much further.

15947. Is it no louder in Canada than it is here?—Yes, I should think it is louder in Canada.

15948. Then, it must be very loud?—They do complain pretty strongly.

15949. I am much obliged to you for that. One other question on another subject: You say, "I am informed "that much lower rates than those shown in the list "are accepted for goods not of British origin and also "for goods consigned to United States points, even "where they pass through Canadian territory to reach "destination." I should like to know a little more about that?—That particular point is mentioned in a letter which I have just received from a shipper. He takes Detroit, which is directly opposite the Canadian town of Windsor, but across the river, half-a-mile, or so. He says that there is just about 50 per cent. of difference in the rate of freight as between Detroit

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and Windsor. The goods pass through Windsor, that being the end of the Canadian territory, and, crossing the river, reach the United States town of Detroit; and he puts it, as I say, that the rate of freight to Detroit is about half as much as the rate to Windsor. It is only just to say, that the large tariff has to be considered which, we will say, lies in the middle of that river, and that in the Canadian territory the preference reduces the tariff very substantially. The United States tariff is very high, and is maintained against British and all other goods. That must be borne in mind; and then there is the factor that the railway company may very well say, "This, again, "is found tonnage, and we can get that freight and "fill up, or we can refuse and go without it; we do the "best we can do."

15950. We have been told that there exist in America a great many Acts for the very purpose of the prevention of any discrimination in shipping; I dare say you are aware of the existence of those Acts of Congress?—I do know of inter-State Acts with regard to combinations and charges and rates and so on.

15951. And you know that the existence of this Commission is a proof of suggestions in the same direction in this country?—So I should imagine.

15952. Would it be right to conclude that the plan which is now already adopted in the transit of goods from this country to America, through Canada, might throw very great difficulties in the way of the enforcing of penalties under such Acts of Congress as those to which I am referring?—I am sorry I have not followed your question as closely as I ought.

15953. Perhaps it is rather unfair to put it to you?—No. I will answer it as well as I can.

15954. I will try to put it in another way. If goods are forwarded to the United States over sea and under a preference agreement, the ship so forwarding them comes under severe penalties—you may take that from me as a correct statement of the fact. I am suggesting to you that in the event of those goods coming through Canada and then being delivered by rail, their origin being, therefore, obscure, that might render it very difficult to enforce the penalties under such Acts of Congress as those which I am describing in terms which I am asking you to accept from me?—I should think it would make it difficult. I am bound to say that, although I knew of certain Acts with regard to preferences by rail, and so on, I was not aware that those Acts applied to goods brought into the United States by sea, or that they could apply to goods brought through a part of the United States to Canada.

15955. It is the other way about that I am putting it—I am referring to goods brought to the United States through Canada. You may take it from me, that my statement is a correct one, as a result of evidence which has been given to us to-day; therefore, you may accept it. I put to you this question: Do you not think that it might be very difficult to enforce these penalties if the goods are brought, not to a United States port, not even to the Boston which is mentioned in your *précis* of evidence, but to a Canadian port, there transhipped, sent on by rail, and finally delivered to an American town, possibly, evading, therefore, the Act of Congress?—I should think it would be difficult. I take it your question relates only to that comparatively small quantity of goods which goes to the United States through Canada, and has no relation to the goods that are delivered in Canada.

15956. I am only speaking of those which go to the United States?—I should think it would apply, but I do not know.

15957. (*Lord Inverclyde.*) Is such a thing done?—Yes, it is done. I have got a list of places to which goods are sent, and in some cases they are sent through Canada. There is a little peninsula running down between the Lakes, which is traversed by a line which goes over to Michigan. I do not know how much goes, and it is impossible to say.

15958. (*Sir Hugh Bell.*) But there is a trade going in that way now, although it may be small and unimportant?—Yes.

15959. And you can easily imagine that some obstacle put in the way of direct trading might divert the current and make that business larger and larger until it became of importance?—Yes.

15960. And in evasion of a statute passed to prevent it?—Yes.

15961. (*Professor Gonner.*) You stated in answer to Sir Hugh Bell that your opinion was that this manipulation of the blanket bill of lading was due to the pressure of the railways in Canada; that is your opinion, I gather?—Yes, I think it may be so taken, because I see where the interest lies. I have no other knowledge.

15962. It is only, then, because of an inherent probability that you give us that answer?—Yes.

15963. You have no facts to support it?—No, I have no knowledge of the facts, and I do not know what happens inside the Conference.

15964. Have you any evidence to show that probably that is so?—I am unable to produce any evidence on the matter.

15965. But you found that was assumed by shippers in England?—Yes, I think I may say so.

15966. Owing to the lethargy in Canada, you were unable to elicit opinions there?—I do not know that I could quite put it down to that reason, but they at all events did not seem to take a great interest in the matter.

15967. With regard to your evidence generally, it mostly relates, does it not, to the carriage of goods on through rates?—Yes.

15968. You speak of a differentiation between goods from the Continent and goods from England, but do you find such differentiation holding good at all in direct shipments?—No. If I understand the question aright, I may say that the rates by the steamers from the Continent are nearly the same as the rates by British steamers from Liverpool and London.

15969. So that it is only in the case of through traffic that the preference to countries other than the United Kingdom appears to hold good?—That is what I wish to say.

15970. Have you formed any opinion as to the relation between the volume of trade which goes on through rates and the volume of trade which goes to the ports and then is carried further on fresh bookings?—I possibly could in the course of a few minutes give a very approximate idea on this ground, that I could tell you how much goes to Montreal, we will say, and how much goes to points beyond Montreal, and, presumably, the quantities going beyond Montreal would be on, what they call, the proportionate ocean rate, that is, the reduced through rate.

15971. It being practically certain that the proportionate ocean rate would be lower than the port-to-port rate, they will carry all goods on through rates, if possible?—Certainly; I think that is so, undoubtedly.

15972. That we may take for granted?—Certainly.

15973. (*Mr. Owen Philipps.*) When you were travelling in Canada, you came in contact with a great many importers, I suppose?—With a large number.

15974. Did you find that there was any strong feeling on the subject of deferred rebates?—I cannot say that I did. I heard very little about it in Canada.

15975. (*Mr. Barry.*) There are one or two points with regard to blanket bills of lading that I would like you to clear up in my own mind. Is it not the shipowners' interest to encourage carload lots, as carload lots would be likely to lead to an increase in the quantity carried?—I do not know that the shipowner would have a very obvious interest in that. He would desire as large a tonnage as he could get, of course, but I do not know that carload lots would affect him very much. You see, the lots would be made up of a number of small lots, and whether he had them under a blanket bill of lading, or whether he had them separately would not affect the tonnage.

15976. Is it not a matter of fact that for a good many years past, railway companies in the United States and in Canada have greatly encouraged the development of carload lots?—Yes, they have done that by all means in their power.

15977. Then, is it likely that they would deliberately discourage it and use any influence with the shipowners to discourage carload lots?—I do not think they have

done that, and I hope I have not been understood as saying so. On the contrary, they do not discourage carloads, because they take good care that the goods arriving are packed in cars quite full, only they charge less than carload rates. They do not send any empty cars.

15978. I understood you to say, in reply to a question that was put by the Chairman, that possibly some influence was used by the railway authorities with the shipowners to prevent the use of blanket bills of lading?—Yes, I should think it is possible that that is so—it is probable.

15979. Why should it be so, if the railway companies have as a matter of policy for many years greatly encouraged the system of carload lots?—There is a reason. Let me take a particular instance. In the case of crockery to Winnipeg, the less than carload rate is 120*s.* per ton, and the carload rate is 64*s.* 3*d.* Now if the railway company can obtain 120*s.* per ton for half-a-dozen parcels which fill a car, it is obviously more to their advantage to take that than it would be to take the same quantity at 64*s.* 3*d.*

15980. But if the half-a-dozen parcels will not fill a car, but will only half fill a car, then the advantage would disappear?—Certainly. I deal with that, and say that where that happens of course the railway company is justified; but it so rarely happens, owing to the bulk of trade moving, that such a thing, I should think, is unknown as sending a half-filled car west. It would be an unheard of thing. Every ship brings hundreds of parcels. It may happen that they will have a car or two at the end which are not full, but nine out of ten of the cars constituting a train will be full, only the question is whether they are filled at less than carload rates, or whether they are filled at carload rates.

15981. Then as a matter of fact you did not mean to convey to the Commission that there was any influence used by the shipowners against the adoption of carload rates?—No, not as far as loading the cars is concerned—quite the other way; but so far as rates of freight due to less than carload lots are concerned, I should think it extremely likely. You see that in crockery it makes the difference between 64*s.* 3*d.* and 120*s.*—it means practically double.

15982. But that does not make any difference whatever to the shipowner?—No, not as shipowner.

15983. If you were to hand in freight in carload lots it is possible in some goods that the difference in the freight might even determine the question of selling?—It probably would.

15984. I know it does in some classes of goods?—I believe it does.

15985. It is the shipowners' interest, therefore, to encourage carload lots rather than to discourage them?—I should say so, decidedly.

15986. A little later on in your statement you say that after the purchase of the Beaver Line the rates to Boston went up 50 per cent.?—Yes, the difference, I suppose, would be as much as 50 per cent.

15987. The rates went from 8*s.* to 10*s.* in one case up to 15*s.*?—That would be over 33 per cent.

15988. During the existence of the Beaver Line was there any special war of rates, or was it just normal competition?—As far as I am aware there was no war of rates. I am not aware of any special war of rates during the Beaver Line's time.

15989. It was just normal competition then?—Yes, and probably the almost immediate effect of the purchase of the Beaver Line was this great advance in rates. It was not an immediate advance from 10*s.* to 15*s.*, but it was an advance first from 10*s.* to 12*s.* 6*d.*, and afterwards to 15*s.*

15990. Then in paragraph 8 you make the important statement that the freight lists state that "traffic "from countries other than the United Kingdom car- "ried at through rates from original port of shipment "is exempt from the provisions of this tariff." The effect of that is, is it not, that foreign goods, say German goods, on a through bill of lading would be carried at considerably less freight than British goods?—That is the effect of it, and at any rate the declaration you have read gives the steamship company a free hand with regard to the rate they take upon foreign goods.

15991. Do you know whether, as a matter of fact, that effect has followed in many cases?—I have it stated here, on what I believe to be competent authority, that it has, and the rates are quoted.

15992. Would not the carrying of freight at a lower rate by the British Conference Lines bring them into conflict with the German Conference Lines, with whom they are acting?—I should have expected it, but it does not appear to do so. Certainly it is permitted; whether it is a part of their agreement or not I do not know, but they do it.

15993. (*Mr. Mitchell.*) You were saying that you found in Canada a great indifference as to the rates of freight, and you explained that as due to the fact that buyers there compare the prices, as delivered, of British and American goods, without paying much regard to the charges that go to make up the price. There are a large number of Canadian houses that sent their representatives to this country to buy goods, and who take delivery at our ports, Liverpool, for instance; surely these people would have an interest in the rate of freight?—In Canada I was invariably referred to such people for information upon this subject. As an illustration, I went to one large house, and I saw the principal. They are perhaps amongst the largest buyers in their particular line in Canada. I said, "Part of my instructions are to find "out what the effect of Shipping Rings and Confer- "ence rates is upon trade with Canada; what infor- "mation are you able to give me in regard to your "important shipments?" "Well," he said, "I must "refer you to our house in London about that." I said, "Cannot you tell me anything? Can you give "me no information?" He said, "I am afraid I "cannot. I believe there is a good deal to say, but "I must refer you to the house in London." He really could not tell me anything about it. The moment I came to the house in London the manager here was full of it, and very keen about it. So that it is not that the shippers over there, or the receivers of goods there, are quite indifferent, but that they leave it all to the people on this side, and do not seek to master it, and do not seek to understand it. It is complicated and troublesome, and they let it go to be handled here.

15994. You mean to say, that although they have an interest in it they really do not know about it, but they simply leave it to their agents in this country?—They have not mastered it, and they do not seem to have taken the trouble. I need not say to you that it is no small amount of trouble to get hold of these extraordinary complications of rates. It is a most perplexing business. I suppose they are busy people and they have not done it. I can only imagine that that is so.

15995. Do you not think that if they had had a very serious difficulty in that way, some of these merchants would surely have taken the trouble to master this question, and would have had something to say about it?—Those with houses here do so, and are very keen about it, but the people in Canada seem to take very little interest in it. That was a great surprise to me. I did my best to stimulate some interest and to stir them up and to try to get them to talk. They would talk about rates at home and rates between this town and the other town, and damn the railway companies in heaps, but when I came to talk about rates of freight, they seemed to think nothing of them.

15996. How far British goods will sell in Canada is a question of competition very often largely with American goods?—That is so; the figures show that.

15997. Of course, if there was a very serious question in regard to the rates of freight, one can scarcely imagine that the men who have to deal with British goods and who have to place those goods on the market on the other side, and who have to meet this competition, would not have a good deal to say about it?—That is quite true, and the people here have plenty to say about it. But you must remember that in the United States, their interests are so enormous, they compete one with the other, and they get down pretty close to bed-rock. The Canadian buyer is not very much afraid, by the time he has compared three or four United States competing prices with the British

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competing prices, and he does not trouble himself very much with the factors that go to make up the price. I can only account in that way for what I cannot otherwise understand. I cannot be quite sure that it is so, but I assume it to be so. Certainly the fact remains, that I could get very little information there, but here I got plenty—here they are very much interested in it.

15998. I suppose you find in Canada a considerable disposition to buy British goods, where possible?—Yes, everywhere.

15999. They have shown that by the preference that they give?—Yes.

16000. Supposing that the preference were to some extent upset by the system which gives advantages in rates to goods coming from other countries, would not one expect a good deal of public opinion in Canada about the matter?—I think it is likely that there will be a rousing of public opinion in some degree on the matter, but so far, they do not appear to appreciate it.

16001. You do not find that?—No, I did not find it.

16002. One might infer from that, that there really was not any very great grievance, but you do not think so?—No, I do not draw that conclusion after the interviews I have had in London and elsewhere.

16003. In spite of this indifference, you still feel there is a grievance?—Yes. The representatives here are keen enough. I have letters here, some of which are very extravagant in their anger and indignation. I say to them: "For goodness' sake go and offer yourselves as witnesses to the Shipping Commission, and "have it out; don't talk to me about it." But as soon as I say anything about their talking before reporters, they are in a blue funk, and will not come near the place. They are all afraid, so far as I can make out. I think it is very absurd.

16004. (*Sir John Macdonell.*) When you were in Canada, did you see any instances of the forfeiture of rebates?—Yes, a number of the smaller shippers do not get their rebates at all.

16005. Do not get them?—They do not. I have had that stated in a letter which I received only within the last day or two. Here is a letter from a shipper who is in a state of furious indignation about the whole thing. I do not know whether you would like me to read to the Commission the very extravagant language he uses on the subject. He will not come here to give evidence on the subject himself.

16006. (*Mr. Owen Philipps.*) Is he an English shipper?—Yes, in the Canadian trade.

16007. (*Chairman.*) I doubt very much whether we ought to receive information contained in letters written by gentlemen who do not give their names?—I am using his letter rather to refresh my memory.

16008. (*Sir John Macdonell.*) Putting the letter aside, are you aware of cases in which loyal shippers complain that they have not received their rebates?—Yes, I have heard of them.

16009. The real question I want to put to you is, whether there have been cases to your knowledge of the forfeiture of rebates on the part of merchants who had shipped by outsiders?—Yes. I have been informed of one instance in particular, where a merchant values his freedom so greatly that he will not tie himself to ship entirely by Conference Lines, and, therefore, he loses his rebates.

16010. Does that mean that, notwithstanding the rebate system, shipments do take place to an appreciable extent by vessels outside the Conference Lines?—I think those shipments are small.

16011. Do you know whether or not these two Conferences which exist, one called the Canadian North Atlantic Westbound Freight Conference, and the other called the London Conference, appropriate particular ports or regions to themselves, or whether they intercompete for the same ports?—Are you thinking of sailing ports?

16012. Yes; do you know whether that is so?—I think the London Conference sail entirely from London and the east coast ports, and that the other Conference sail mainly from west coast ports, such as Liverpool, Glasgow, and Avonmouth, though in some cases their ships also sail from London. I make that answer because I note the name of the Canadian-Pacific in both Conferences. I think they do divide the ports.

16013. That is a division, so far as this side is concerned; is there any corresponding division on the other side?—Yes, I think there is.

16014. Can you tell me, roughly, what is the division?—The ships of the Canadian North Atlantic Westbound Freight Conference in the summer go to Montreal and Quebec, and in the winter they go to the Canadian ports of Halifax and St. Johns, and also to the American port of Portland, which is the terminus of the Grand Trunk Railway. The London Conference steamers go to Boston and to Canadian ports also.

16015. At any rate, one of the Conferences, and only one, goes to Boston?—Yes.

16016. So that there is, to a certain extent, a division of the ports of origin and a division also, within limits, of the ports of destination?—There certainly is so with regard to the ports of origin, and, I think, within limits, to the ports of destination.

16017. I suppose the rates levied by these two Conference Lines, so far as inland towns are concerned, would be controlled by the rates that would be prevalent, say, at the time when the North Atlantic trade was going to New York?—Do you mean that the rates to New York are the same as the rates by these Lines?

16018. No. In order to put my point, let me give you an example: A person in Detroit, or in Buffalo, orders certain goods, these goods may reach him from this country viâ Canada, or they may reach him viâ New York; will the rates that are imposed by those two Conference Lines, at all events at certain points, be controlled by the rates that are prevalent to New York?—Yes.

16019. It is, therefore, a case in which you have not a Conference or a group of Conferences in possession of a complete monopoly, but there exists this other controlling power?—I think we have that monopoly in this way, that while the answer to your question with regard to United States ports is as already given, there is an answer further about the question as regards the Canadian points of destination that the rates of freight for Canada viâ New York, viâ Boston, and viâ all these other points are the same, and they have been recently raised, that is, they have been made higher at the American points.

16020. Reverting to my illustration of a shipment to Buffalo——?—Which is an American town.

16021. The rates by the Canadian ports could not exceed the rates viâ New York?—I should say they would not.

16022. In the very nature of things they could not?—Do you mean under a Conference?

16023. The rates under the Conference could not exceed the rates viâ New York by Lines which are outside the Conference?—Probably not, but you must remember that in dealing with the Conference, so far as I have dealt with it, I have dealt only with Canadian trade, and the inquiries I have made as Commissioner have related only to Canadian trade.

16024. Perhaps, I ought not to have asked you that?—I will answer as well as I can, but I cannot answer with the same confidence as I can a question relating to Canadian trade.

16025. Now, take a shipment to a Canadian town; would not the rates viâ the Canadian ports be to some extent controlled and prevented from becoming exorbitant by the rates viâ New York?—They would, if there was no arrangement between the various Conferences, but there is every reason to believe from the fact that identical rates exist that there is such an arrangement. Moreover, one of the most important New York Conferences or combinations of steamers have lines running to Canadian ports, including Montreal.

16026. I think I am right in saying that the lines running to New York have no rebate system?—I think so. I have no certain knowledge upon that, but, possibly, they could not have it in view of the Act.

16027. Are you aware whether or not, under these two Conferences, the same rates are payable for large and small shipments?—Although I have nothing printed to show it, there was up to a period of perhaps three or four years ago what were known as quantity rebates. Those quantity rebates, I am

assured, are not now in existence, and therefore I did not deal with them in my report.

16028. At the present time, so far as your knowledge goes, large and small shipments are charged the same rates, then?—Yes, as far as I know.

16029. (*Lord Inverclyde.*) You were sent to Canada by the Board of Trade here?—Yes.

16030. What special instructions had you in regard to inquiring into the deferred rebate system?—I quote them here. Among the instructions addressed to me was a direction to "ascertain as far as possible the "actual effect of the operation of Shipping Rings or "Conferences on British and foreign trade with the "Dominion."

16031. So you had no special instructions to stir up agitation about it, as you stated just now?—No. I asked questions.

16032. You said you tried your best to stir up an interest in it?—Yes; possibly when I was in pursuit of information I did my best to excite my informant to do his utmost in satisfying me. I do not know that I tried my hand at a revolution.

16033. Are you aware why the Board of Trade specially sent a Commissioner to Canada to inquire into the deferred rebate system there?—I am afraid I am not aware that they did send him specially to inquire into the deferred rebate system.

16034. When were you sent?—I went out in September, 1906, a little over a year ago.

16035. I was curious to know why the Board of Trade would wish this question inquired into in Canada, as Canada is not one of the places where there have been special complaints, as far as I know?—I had a long list of instructions. My mission was to report upon the conditions and prospects of British trade in Canada, and among the many items of instructions was found the one I have read to you.

16036. In the *précis* of your evidence, paragraph 5, you talk about primage, and you also talk about deferred rebates; when you do that do you suggest that deferred rebates and primage are the same thing?—I suggest that they may become one and the same thing, but they are not necessarily so.

16037. Do you know how, in practical working, the primage is arrived at, and how deferred rebates are arrived at?—I am afraid I cannot say that I am a man thoroughly acquainted with shipping matters. I was sent out for the purpose of making an inquiry, and I am here to explain points in the chapter which I wrote upon it. I do know something of primage. Do you mean how it originated?

16038. I want to know if in your opinion primage and deferred rebates are one and the same thing?—They may become so if you allow the amount of the primage as a deferred rebate. *Mr. R. Grigg.* 25 *Feb.* 1908

16039. Is that ever done in the Canadian trade?—Yes, I mean I believe it to be so, and I believe it to be stated in the official publications.

16040. What official publications?—I have before me the Freight Tariff No. 32 for the Canadian North Atlantic Conference Lines. I shall be pleased to hand it over to you if you care to see it.

16041. It is only this point I have in mind: We have had evidence in other trades that the two things are totally different?—They may or may not be totally different, I submit. In this case they are the same, because the primage is treated as the deferred rebate.

16042. Would you explain to me how that is carried out?—I understand it to be carried out by an understanding with the shipper that 10 per cent. shall be charged, which shall be for primage, and will be returned to him after a period and therefore become deferred rebate.

16043. You say you understand it, but do you know that that is so?—I cannot say that I have myself ever received it, because I have never shipped anything. I have to rely upon information which I receive from shippers, supported by the official statement of the various lines. I believe it to be true, but I cannot say that of my own knowledge, as I never did it.

16044. (*Professor Gonner.*) The difficulty Lord Inverclyde is pointing out is that you state rather generally you have heard it, and in your *précis* you state that it is "exacted in many cases"?—But not in all.

(*Professor Gonner.*) It is so curious, because as a rule it has been uniformly charged when it has been charged.

(*Lord Inverclyde.*) I think the beginning of the witness's *précis* covers it; he says there he does not possess an "intimate acquaintance with shipping."

(*The Witness.*) I was anxious that that should appear, because I do not pretend to be a shipping man.

16045. (*Lord Inverclyde.*) You talk about the sale of the Beaver Line; I have no doubt you are aware it has been sold twice; which sale do you refer to?—The sale to the Canadian Pacific Railway Co.

16046. Possibly it was owing to the railway company coming possessed of it that the high rates you quote prevailed?—It might be so; I do not know.

TWENTY-SIXTH DAY.

Tuesday, March 3rd, 1908.

PRESENT:

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

Lord INVERCLYDE.
The Hon. C. N. LAWRENCE.
Sir W. T. LEWIS, Bart., K.C.V.O.
Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
The Hon. W. PEMBER REEVES.
Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. OWEN PHILIPPS, M.P.
Mr. OSWALD SANDERSON.
Mr. AUSTIN TAYLOR, M.P.

Mr. J. A. WEBSTER, *Secretary.*

Mr. EDWARD LLOYD, called and examined.

16047. (*Chairman.*) You are a partner in the firm of Bucknall Brothers and a Director of the Bucknall Steamship Company?—I am.

16048. You have prepared a *précis* of your evidence coupled with several appendices. Of course, these we shall most carefully read, but I do not think I need take you through the whole of them?—Thank you.

(*The witness handed in the following statement.*)

1. I am a partner in the firm of Bucknall Brothers, and a Director of the Bucknall Steamship Lines, Limited, which Company owns 28 steamers of nearly 200,000 tons carrying capacity, and, in addition to the steamers owned by the Company, a considerable amount of supplementary chartered tonnage is employed, so that the operations of the firm cover the control in various trades of some 40 to 50 steamers of 6,000 to 10,000 tons capacity. *Mr. E. Lloyd.* 3 *Mar.* 1908.

Mr. E. Lloyd.

3 *Mar.* 1908.

2. My firm is regularly engaged in the shipping trades between this country and the Continent and South Africa, and with the Persian Gulf. From New York my firm is associated in the trades to South Africa, Australia, and New Zealand, and to Manchuria, China, Japan, and the Philippines. We also have a regular service from India to the United States, and we have steamers from Australia to London and the Continent during the wool season.

3. In addition to these regular trades we have considerable steamship business in what is popularly termed "tramping," that is, employing steamers as opportunity offers in other trades without regularity or fixity of route.

4. *Deferred Rebates.*—There has been much confusion of idea regarding the system of deferred rebates, or rebate commission system, which is in operation in most of the organised trades over the world. As regards its operation in the shipping trades of this country, it is undoubtedly of greatest advantage in trades where it is desired to have regularity of service combined with uniformity and fixity of rates, in the fact that it is helpful to keep off casual interference of outside shipowners, that is, those who are not regularly engaged in the trade, and to avert the consequent disturbance in rates and sailings which would ensue from such interference. In this respect, the system is to the mutual advantage of shippers and shipowners in those trades where it is exercised. In trades where the rebate system is not in vogue, other means have to be adopted, having in view the protection and preservation of the trade for those regularly engaged there. There is an idea that the rebate system is a weapon having for its object to penalise shippers under certain circumstances, but this view is erroneous. It is a system in its conception designed for the mutual advantage of shipper and shipowner. It is also suggested that the system is upheld by shipowners to support a monopoly, but experience does not show it to be conducive to that end. If it is conceded that it is desirable to maintain channels of trade with more or less regularity of service and other settled conditions, it follows that certain measures having for their object the protection of these organised trades from piratical attacks will necessarily be evolved for the security of those engaged therein. Nor is there necessarily anything prejudicial to the encouragement and development of trade in the deferred rebate system. The days are over, if they ever existed, when shipowners, in or out of Conference, can hope to compel any body of shippers in a trade to accept unsuitable conditions, or to force unreasonable or excessive rates of freight upon them. Even within a Conference there is too keen a rivalry between the shipowners to sustain a suicidal policy of strangling or hindering trade in a desire to make inordinate profits. There is also an equally potent factor always present to keep shipowners on the side of moderation in the knowledge that there are more shipowners outside the Conference ready to coalesce with any well-established dissatisfaction which might exist over a considerable section of shippers in any given trade. It is unquestionable that in regular organised trades, a policy of conciliation towards shippers is vital in the shipowners interests. This policy can best be encouraged and developed by means of merchants' committees, and it is in a recognition of this elementary fact will be found the most practical means of remedial action, when required, to counteract injury where it can be demonstrated to exist to British or Colonial trade in connection with Shipping Conferences, and not by legislation. No good can possibly be looked for to result from ill-conceived and quixotic attempts by legislation to coerce either shippers or shipowners in their relations to each other, and it is inconceivable that there should be anything like a serious suggestion to interfere with freedom of contract in these relations. All such interference is to be deprecated as being harmful and pernicious in its effects to the shipping industry and to British commerce in general.

5. As regards the rebate commission system from the United States, or bonus system as it is known there, it has not met with such general adoption. I am not aware that in its present application, by carriers exclusively by sea, that it is in contravention of any American law. There is to some extent an indifference on the part of shipowners owing to the circumstances in general affecting most of the trades from United States differing so widely from conditions on this side. It is usual to make contracts with shippers for their entire shipments, and in this connection, while certain American laws forbid discrimination by regular lines, which are construed as "Common Carriers," I do not understand that it is in contravention of any American law for shippers and shipowners to agree or bargain for special rates on specified conditions, if the same terms and the same conditions are available for all shippers. The purpose of the Elkins Act, which deals with rebates, as it is understood by steamship people, is no doubt in principle to prohibit individual or secret rebates. Neither the Sherman Act nor the Elkins Act seems to apply to carriers exclusively by sea, nor to be intended to interfere with rebates or bonus where these are granted openly and without discrimination to all shippers upon the same conditions.

6. The money involved in rebates is not in any sense shippers' money withheld by shipowners, as has been asserted, but it represents benefits to be acquired in exchange for observance of specified conditions.

7. The rebate system undoubtedly is designed for one purpose only, and that is for the mutual advantage of shippers and shipowners in organised trades, in a mutual endeavour to avert disturbance in the conditions, or undesirable fluctuations in the rates, which are neither good for the shipper nor the shipowner.

8. There is no compulsion or pressure upon shippers to make their freight arrangements under the rebate system.

9. Rates of freight even under a rebate system are moved by ordinary influences affecting the trade, and the system does not thwart or prevent such charges.

10. The system of deferred rebates does not tend to create or uphold a monopoly in the carrying trade, it needs no further demonstration than to point to the changes which have occurred in the number of firms participating in all organised trades. The only steamship service in the nature of a monopoly known to me is one where the rebate system is not in force, the monopoly being upheld by other means.

11. *German Competition.*—The Royal Commission is fully informed of the through rate system operated by the German State Railways for the benefit of German industries and German shipping to the detriment of British industries and British shipping. The striking and disastrous effect upon British interests in the East African trade, resulting from the German tactics fostered by the sympathy and practical support of the German Government, is a matter of general knowledge.

12. There is a gradually increasing encroachment in the South African trade, which may be ascribed to the same causes. Mr. Lloyd George has dealt with the subject at the Colonial Conference, 1907. The position is undoubtedly very seriously felt in the South African trade, but the British steamship lines are in no way responsible for that state of things. There has been great expansion of German shipping in various of the British Colonial trades.

13. *Loss of British Trade.*—It has been stated that a considerable transference of British trade has gone to Germany and to America by reason of the difference in the freighting conditions, but no attempt seems to have been made to produce anything in the way of proof of these serious assertions. So far as the German State Railways through-rate system may have injured British trade, the British steamship lines are in no way responsible for it, but are likewise sufferers by that system.

14. There is no substantial evidence to support the statement that American trade to South Africa has developed owing to the incidence of the freight rates; an analysis of the situation would appear to refute the statement. The measure of the American trade with South Africa from time to time can be ascribed to causes other than freight rates.

15. It may be suggested that manufacturers' associations and chambers of commerce should make investigations to determine what are the actual causes for diversion of trade, for it is not a satisfactory nor a practical remedy to rely on the freight item as the factor to be squeezed to counteract such diversion when it arises from causes outside the influence of the freight rates.

16. In an appreciation of the volume of American trade with South Africa, due regard should be had as to the extent of this trade in goods of American origin, which are in no sense competitive with British manufactures. These facts have doubtless been elucidated in statistics collected by the Board of Trade. As to such goods which are non-competitive, the

relation of American freight rates to British rates has no significance, and by far the major portion of the American trade comes under this category.

17. *Control.*—It is not feasible from a shipowners point of view to delegate to any other body the control of the rates of freight unless in conjunction with conditions which are impracticable in the shipping trade. It is hardly to be suggested that the control of rates should be by those who have to pay the rates. On the other hand, the solution of the problem of rates is more likely to be found in a friendly co-operation of a merchants' committee with the steamship lines. In this way an indirect and adequate control against unreasonable or excessive rates is provided.

18. *Rates of Freight.*—The rates of freight in the South African trade have been denounced as excessive and unreasonable, but there is a marked absence of information as to the standard of comparison by which the rates are judged, and there is a lamentable deficiency of anything in the way of facts to substantiate the allegations. It may be stated that an examination of the rates in the South African trade compared with the rates in other trades, all circumstances being taken into consideration, will not entitle them to the singular criticism which has been so forcibly expressed regarding them. Any necessary or desirable changes in rates together with adjustment of classification of goods is matter which should be dealt with in the mutual interests by joint action of the Merchants' Committee and the Conference Lines. The special need for cheap transit to South Africa must be patent to all, and it is a moot question whether anything can be done in the way of finding means of averting wasteful competition in the steamship service as attaches to a service which involves steamers proceeding half full and less than half full, so as to economise all round.

19. The Conference Lines in the South African trade have furnished to the Commission a Memorandum with Appendices, dated February, 1907, with which documents I am acquainted, and I concur in the matters therein set out.

20. I attach hereto further supplementary documents as follows, marked:—

A. Correspondence with the Colonial Office in October, November, December, 1904, on the agitation regarding freights, and a proposal to the Government as to rates.

B. Correspondence with the Merchants' Committe, dated 17th November, 1904, and 23rd January, 1905, upon American rates, and generally recognising the functions of the Merchants' Committee.

C. Letter to Sir Charles Cayzer, Bart., dated 3rd November, 1902, produced to the Select Committee on Steamship Subsidies, in reference to lower rates from New York in certain trades than were current from this country.

D. Correspondence with the Board of Trade in June, 1906, regarding allegations by Messrs. Wm. Hunt & Sons, the Brades, Limited, on American rates.

E. Correspondence with the Board of Trade in June and July, 1906, regarding allegations by certain correspondent, unnamed, in reference to American rates.

16049. (*Chairman.*) I wish to ask you certain questions for the purpose of enabling me to appreciate the documents you have handed in, and also for the purpose of enabling you to meet some objections which have been raised by shippers and merchants. I need scarcely say that if I state those objections you must not assume at all that I accept them as correct, my object is only to give you the opportunity of meeting them?—I quite appreciate that.

16050. First of all, as regards the members of the Conference. Is there any agreement between the members as to the pooling of rates?—There is no agreement between the members as to pooling of rates.

16051. There is no pooling of rates?—There is no pooling of rates. You are referring to the South African trade, I presume?

16052. Yes. There is no competition between the members of the Conference so far as freight is concerned, and all the steamers charge the same freight?—They charge the same rate, but there is every competition between the different lines to secure the cargo which goes at that freight.

16053. And, of course, there is competition so far as facilities and accommodation and good management are concerned?—That is so.

16054. There is one question which I wish to ask you as to uniform rates charged by Conference steamers. I am referring now to a statement which has been made by Sir Donald Currie. Goods are sometimes sent from the interior of Germany to a port in Germany, and then are carried by ocean steamers?—Yes.

16055. In such cases is the freight per weight-ton or measurement-ton?—In the case of goods which come from the interior of Germany on the through-rate railway system?

16056. Yes?—I have no absolute knowledge, but I presume it must be on weight, as all railway companies charge by weight.

16057. I suppose that freight would be paid at the railway station?—At the railway station.

16058. Would the freight be per weight-ton?—I assume it would be per weight-ton.

16059. Similarly, goods might be carried from England at a rate of freight per measurement-ton?—From a port in England?

16060. I mean from a port?—Yes, from a port; but it does not necessarily follow even in that case that there is any great difference in the freight. There are differences I know.

16061. There might be?—There might be, but there might not be. You could so adjust the weight rate as to make it the exact equivalent of the measurement-weight, which is done, more or less.

16062. Do you then try to make the freight the same?—Yes, oftentimes in practice. The purpose of the Germans is, of course, to undercut the English rates, but there is nothing difficult with regard to certain goods going by weight and certain goods going by measurement. We, even in our own trades often have done that. I will illustrate it in the case of tubes. With tubes the practice is to take them at ton-measurement, but if manufacturers desire to facilitate their calculations we should give them per ton-weight. We ask them to submit to us the relation of measurement and weight, and it is quite easy for us to give a rate per ton-weight.

16063. Was the arrangement formerly between English and foreign lines that foreign steamers should not carry goods from a foreign port at a lower rate than that charged by English lines?—Yes, to adopt the English rates of freight.

16064. That arrangement, Sir Donald Currie has told us, has come to an end, and another agreement is being negotiated?—I do not value the agreement as being of much account. It is just a question that unless they do charge the English rates a disturbance sets in at once. If we charge equal rates from England, that course is not maintained really by reason of the agreement; it is maintained in self-interest. If we charge lower rates from England than the Continent does, you may be quite sure the Continent would put their rates equal or so as to be on a practical level with the English rates, and if the Continent charge lower rates than the English, we should lower ours whether we like it or do not like it; and it is so if we have to take action similarly all through with or without reference to agreements, so far as I have been concerned in them, the agreements only affect matters of detail.

16065. Now a few questions about the Rebate Circular or Compact of 1893. Shippers are, of course, bound by the circular, that is to say, they know that if they ship goods by outside steamers they cannot claim rebate?—I agree with that, but not that they are bound in any way. It necessarily follows that we state the conditions upon which we are prepared to do certain things.

16066. I did not say they were bound to ship?—They are bound to the conditions. Where there is an absolute freedom, I think the term "bound" scarcely applies.

16067. Just let me make my meaning clear. If a person ships with a knowledge of the circular, he knows that he cannot claim rebate if he ships for a certain period goods by an outside steamer?—That is so.

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16068. If a shipper agrees to ship by Conference Lines, the consideration is assumed to be the conferring of certain benefits upon the shipper other than the rebate, that is, the regular service, permanent freights, and so on?—Not simply in consideration of that one item of rebate. That enters partly into it. It is one of a number of considerations between shippers and shipowners.

16069. But are the shipowners bound in any shape or way?—Not by any legal document, if you mean that. We are bound by every honourable engagement, which, after all, I suppose, all business is built up upon. Having stated that if shippers will give their exclusive support to me for a certain period, I will do so and so for them, I should hold that I am bound to carry that out although it is possible, not being in writing by a specific legal document, I might evade it.

16070. You would consider yourself bound, if you knew exactly the terms of the supposed contract. But some of these are uncertain; for instance, there is a question, is there not, as to whether you are at liberty to ship goods on your own account?—There is a definite understanding on that point. It is not a question. It is an absolute understanding.

16071. You undertaking not to do so?—We undertake not to do so.

16072. Have you undertaken not to give preference to any shippers?—No. There is no such absolute understanding with regard to that; but there is undoubtedly an underlying principle that the business can only be carried on by uniformity of rates to all merchants and shippers.

16073. But whether you are at liberty to ship goods for municipalities or for Governments at a lower rate of freight, is a question somewhat in doubt?—Yes, it is somewhat in doubt. I think that it is equally undecided on the part of the shippers. We have endeavoured to get a definite pronouncement at different times, but we have always found even in the Merchants' Committee there is a difference of opinion as to what would be the proper course for the shipowners to follow, combined with what would be expedient in the trade.

16074. Now you agree, I suppose, with Sir Donald Currie, and, indeed, almost all the other witnesses who spoke on this point, that conferences between merchants and shipowners are, if not necessary, at any rate extremely useful?—Very useful.

16075. There are so many questions which have to be decided, and so many matters which have to be regulated, which cannot be provided for by any one agreement, that it is almost necessary that negotiations should take place between the two parties?—I quite agree with that.

16076. I think you have given a striking illustration of that in one of the documents you have prepared. You have prepared a document relating to the correspondence between you and Mr. Garland Soper, the Chairman of the South African Merchants' Committee?—Yes. It is marked "B."

16077. That begins with a letter of the 17th November, 1904?—That is so.

16078. Those letters show that there are several points which ought to be cleared up, and also that it is necessary or expedient to come to some such arrangement?—Yes.

16079. That is an illustration of the fact which has been admitted by a great many witnesses that it is extremely important that negotiations should take place between shipowners and shippers and merchants?—I quite agree. I think the letter from us in reply to that of the 23rd January, 1905, sets out pretty clearly the different points of usefulness of a Merchants' Committee.

16080. Yes; that is what I have in my mind now—so that the merchants shall be adequately represented?—That is the difficulty of the situation—getting an adequate representation of the trade on a Merchants' Committee.

16081. If there were an adequate representation of the merchants, do you think many points might be settled by agreement between the parties?—I think we should never have had the present agitation. I feel sure on that point.

16082. Now I want to put this question to you, and I want to know whether you could help us at all with regard to it: You know Mr. Douglas Owen?—Yes.

16083. He has been described by Sir Donald Currie, in his memorandum, as a person having a profound knowledge of the subject on which he gave evidence. You have read his evidence, have not you?—I have read it.

16084. I dare say you will remember that he said, in answer to about three questions, that he could not conceive how merchants could ship goods under a contract which prevented them from shipping goods by outside steamers unless they incurred the penalty of forfeiting the rebates—he could not conceive how shippers could do that for an indefinite time. Do you remember the answers to those questions, or shall I read them to you?—The answers by whom?

16085. By Mr. Douglas Owen?—I remember Mr. Douglas Owen making that reference, and implying that it might go on for 10, or 100, or 1,000 years.

16086. Yes; and to a certain extent that is true, is not it? I mean merchants cannot ship goods by outside steamers without losing their right to claim the rebates?—Undoubtedly.

16087. And that would be the case, although the shipowners raised the rates of freight?—I suppose that would be the position.

16088. Do you think that is quite right?—I think we should look at it, as I submit, from what is a practical point of view. Technically and theoretically, there would seem to be that liberty to a shipowner that, having got shippers with large amounts of rebate due to them, he would be at liberty to turn round and put prohibitive rates of freight or extortionate rates of freight, if you like——

16089. You say that shipowners do not do that?——I was going to say there is always a master over the shipowners in public opinion.

16090. I do not suppose that shipowners would charge what might be called extortionate rates of freight, but still they might charge rates of freight which the merchants might reasonably say are too high. Of course shipowners would not destroy the trade, and it would not be to their interest to destroy the trade?—No, I quite agree in that.

16091. Yet you know there is a margin which leaves some liberty to shipowners. Mr. Douglas Owen and some other witnesses considered that it would be unfair for merchants to be bound in that way, when shipowners were at liberty to raise the rates of freight?—I think from an academic point of view it seems an undesirable position.

16092. Now I want to ask you, from a practical point of view, supposing that the merchants were adequately represented by a committee, would it be unfair or inexpedient, in your opinion, to provide that rates of freight should not be raised without the consent of the merchants; and do you not think some agreement could not be come to by what might be called a conciliation board; in other words, that the question might be referred to arbitration? Would you have any objection to that?—I think on broad lines I should have no objection to that.

16093. (*Sir David Barbour.*) Would you agree to the question of reducing freights, as well as of raising them, being referred to arbitration?—No, I should not agree to that.

16094. (*Chairman.*) I was speaking of raising freights?—I quite agree. Equally, I should say we could not put ourselves in the hands of any Merchants' Committee. If every man took it from his own point of view, the Merchants' Committee representatives would naturally always vote "No" to a proposal of raising rates, and, in the same way, shipowners would always vote "No" to a proposal of reducing rates. It is quite an open question as to how far the shipowners might agree to submit to a conciliation board to ratify their desire for raising rates, but I am not so ready to agree that at the request of any shippers we should be subjected to the decisions of any conciliation board to dictate to us or to put our rates on a lower level which might appear good to them, unless for our protection they were

governed by conditions which would be absolutely necessary.

16095. I am glad to see you are very strongly in favour of negotiations between the Committee, representing merchants adequately, and shipowners?—I am very strongly in favour of that arrangement. I have seen a great deal of trouble avoided by means of such negotiations.

16096. I will give you another illustration of the importance of negotiations being conducted between representatives of shipowners and merchants. Supposing no Conference steamer sails from a certain port, and a merchant ships goods from that port by an outside steamer, he would forfeit his rebates, would he not?—It is difficult, I submit, to argue on hypothesis only. I cannot conceive the position arising.

16097. I think we have had evidence that it has arisen in more than one case. The Conference steamers do not ship from every port in Scotland, do they?—No, not every port.

16098. And a shipper might ship from some particular port from which the Conference steamers did not sail?—Because that port might be nearer, possibly, to the point of origin of his goods.

16099. I am only giving you that by way of illustration; that is a case in which shipowners might favour one port more than another?—The shipowner or the shipper?

16100. The shipowner might?—But the shipowners' ports are all known—they are all defined.

16101. Yes, that is true; but, then, take the case of a shipper who wishes to ship his goods from a port from which your steamers do not sail?—You may take, for instance, Leith and Glasgow.

16102. Yes, we have had cases of that kind quoted to us?—Not from Leith, I understand. The comparison is being made between a Conference port and a non-Conference port?

16103. Yes?—Leith not being a Conference port?

16104. That is so?—In that case I should submit that for the general good it is better that that individual shipper should be precluded from taking advantage of a casual opportunity at Leith. I have seen a case in which this would arise, and, perhaps, I can put it more pointedly to you than by taking Leith. I will take the case of a shipment from a coal port. I have seen cases in Cardiff of steamers going regularly with coals to South Africa. There are Conference steamers going from the Bristol Channel taking general goods. The tariff rates are known for those general goods. I am not arguing now whether the rates are high or low, but they are Conference rates open to all comers without any favour to any. An individual might be interested or become interested in a steamer taking coals from Cardiff to Cape Town. The Conference rate for some material there, galvanised iron, if you like, taking an article that goes in bulk is, say, for the sake of argument, 20*s*. The coal steamer finds that he could take a parcel of a 100 or 200 tons at 10*s*. I submit it is unfair to the whole trade—apart from the question of its bearing upon the shipowner who is in the recognised regular trade, it is unfair to the trade generally—and to all other shipping houses which are shipping that commodity to South Africa, to find an individual coming out from amongst them to secure an advantage of 10*s*. a ton by using that casual incident, and so destroy the regular market in that commodity in South Africa.

16105. That is an important consideration?—And that is the only use, I submit, that can be made of the casual port outside the established ports of the regular lines.

16106. Now I want to draw your attention to one or two statements in the *précis* which you have handed in. At the bottom of page 1 of the *précis* of your evidence, you say, "As regards its operation in "the shipping trades"—that is, as to the deferred rebates—"of this country, it is undoubtedly of greatest "advantage in trades where it is desired to have regu- "larity of service combined with uniformity and "fixity of rates, in the fact that it is helpful to keep "off casual interference of outside shipowners, that is, "those who are not regularly engaged in the trade, "and to avert the consequent disturbance in rates and "sailings which would ensue from such interference. "In this respect the system is to the mutual advan- "tage of shippers and shipowners in those trades where "it is exercised. In trades where the rebate system "is not in vogue, other means have to be adopted, "having in view the protection and preservation of "the trade for those regularly engaged there." Will you kindly tell me what you are there referring to, when you say, "In trades where the rebate system is "not in vogue, other means have to be adopted"?—The making of contracts with the leading shippers. I have it in practice, and I am, therefore, able to speak from experience in a small trade in which I am engaged in, that is, the Persian Gulf trade. We have no rebate system there, and, therefore, we have to adopt other means for that.*

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16107. I suppose, that would be a contract with particular shipowners, would it not?—A contract between the shipowners engaged in the place and working in that trade, and particular shippers.

16108. With particular shippers, I mean. The shippers and merchants are mentioned in the contract, I suppose?—Yes, they are mentioned in the contract. It is open to all shippers, and as they come along and sign the contract we take their signatures.

16109. I suppose they undertake for a certain period to ship only by what may be called the Conference Lines?—That is so.

16110. Is some penalty imposed upon them if they ship by outside steamers?—I do not think there is a penalty imposed, but I think we should endeavour to find some means of exercising one if they did, they having bound themselves to ship with us. I do not know what the penalty might be if they did not. There would be a breach of contract.

16111. They bind themselves?—They bind themselves

16112. Is that for some years, or indefinitely?—No, it is always for a definite period. It can be done in two ways. Sometimes a contract is made with an individual that he shall ship all his goods for a period of one year at a given rate of freight, or given rates of freight. At other times a contract is made with an individual that the steamship lines will undertake to carry a quantity, say, 5,000 tons of goods for him within a period of six months or twelve months at a given rate of freight. It may be for a specified quantity, or the quantity may be left out. It may be for his entire shipments within a given period.

16113. Is there any provision made generally in case of some other steamer or steamers competing?—That is also a question of bargain. I do know of instances where a shipper will say, in the event of an opposition, "What is my position?" There are times when it has resulted in a bargain, and we say, "Very "well, we will undertake to follow any opposition "rates that may come into force." But that is all a question of individual bargain where you are going on the contract system.

16114. There is one sentence in your *précis* which is rather important. You say, "It is also suggested "that the system is upheld by shipowners to support "a monopoly, but experience does not show it would "be conducive to that end." Mr. Byron says that where there is a rebate system, whether or not it would be a legitimate object, it would give the Conference Lines a monopoly?—I cannot admit that.

16115. It does not require admitting?—I disagree with Mr. Byron on that point. I hold it is a misnomer to call it a monopoly. The term is wrong. There is no monopoly where there is not entirely unison of action, I submit.

16116. But, allow me to point out, that in another part of your *précis* you yourself are almost compelled to use the word monopoly. Look at paragraph 10, where you will find this: "The only steamship ser- "vice in the nature of a monopoly known to me is

* The witness subsequently wrote to say that a rebate system does exist in the Persian Gulf trade, but applies only to those shippers (generally small shippers) who have not signed the contract.—J. A. W.

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"one where the rebate system is not in force, the "monopoly being upheld by other means"?—I am glad you have called my attention to that, because it is strictly correct. That is a monopoly—it is a one-line service.

16117. When we speak of a monopoly we generally speak of monopolies created by the State. But this is not a monopoly created by the State. It may be a perfectly fair monopoly, but it is a monopoly made by the shippers. They agree by express contract for a certain time not to ship by outside steamers, as you have put it. A monopoly of that kind may exist and be a perfectly fair monopoly. You will remember we have had evidence that the rebate has scarcely ever been forfeited?—That is so.

16118. That shows that the Conference of Shipowners has acquired what may well be called a monopoly, with the consent of the shippers. I do not see any objection to the term?—I have an objection to the term; that is all. I object to it because it does not appeal to me as a monopoly. I would draw attention to that case I have quoted, where there is one line controlling one trade, and I agree the term "monopoly" is the proper description of it; but in our case, where we have a number of lines, it is merely a question of the regulation of trade. It is not a monopoly of trade.

16119. (*Sir John Macdonell.*) What is the one line which you refer to?—The Canadian South African Line.

16120. (*Chairman.*) Then, in paragraph 4 you say, with some severity, "No good can possibly be looked "for to result from ill-conceived and quixotic attempts "by legislation to coerce either shippers or shipowners "in their relations to each other, and it is inconceiv-"able that there should be anything like a serious "suggestion to interfere with freedom of contract in "these relations. All such interference is to be "deprecated, as being harmful and pernicious in its "effects to the shipping industry, and to British com-"merce in general." Of course, if we attempt to do what you thus describe, no beneficial result can be expected?—My adjectives are a little misplaced, perhaps, I would go so far as to say that any legislation would be ill-conceived and quixotic which would attempt to do that.

16121. That I can understand, and to that extent your statement might be amended. What do you think?—I am quite agreeable.

16122. I have not asked you about the rebate system as to the United States, because we have had evidence from an American lawyer about the American law?—I am rather sorry you are not going to ask me about that, because I am obliged to take a very decided opinion, and to express myself in absolute contradiction to what that eminent authority stated, if he stated, as I understand he did, that there was an American law opposed to the application of the rebate system. I speak from experience, which, perhaps, he does not do.

16123. What do you mean by experience? What experience have you had in connection with it?—The fact that we have lines of steamers trading from America where the rebate system is in operation.

16124. So that the rebate system is in operation?—Yes, the rebate system is in operation.

16125. And known to be in operation?—Known to be in operation.

16126. Shipments of goods from America?—Shipments of goods from America.

16127. And no action has been taken against the Line?—No action has been taken against the line. We have had the most eminent authorities in the States consulted, as you may assume, who have advised us that we are not going counter to American law in continuing our business on that basis, and, therefore, I submit, with all deference, that it would be very unwise to accept Mr. Newton Crane's evidence as being in any way definite on the subject. It is an opinion, but nothing more, and I could furnish you with equally good opinions on the other side of the question.

16128. I should like very much to see the case?—I speak from experience in that way.

16129. In these cases, one must know what is submitted to counsel?—There is a great deal in what you do submit to counsel, I know.

16130. Have you any objection to showing us the case you submitted to counsel, and the opinion he gave?—It is not so much the case we submit, but the position is this: If we were carrying on, as we were told at one time we were, a system of business contrary to American law, the consequences would involve imprisonment. Our agents in New York brought that seriously to our notice. Possibly they could not lay hold of us here as English shipowners in order to give us those benefits, but our agents were very much concerned about it, as to whether acting as agents for us they were not laying themselves open to such punishment. We naturally had to authorise our agents to get the best legal advice they could in the States, with the result that they elected to continue as agents, and to carry on the business on the rebate system.

16131. Is that the only ground on which you say that the deferred rebate system is not in violation of the law there?—I say it also because I have read the Sherman Act, and, so far as one can read English, I cannot see, myself, that it is in violation of the Sherman Act.

16132. But I mean to say, lawyers may have ground for saying the contrary?—If necessary, I have no doubt I can procure the names of the lawyers who so advised our agents in the States.

16133. But the question which you put to those lawyers was, whether the agents could be imprisoned, was it not?—No, not at all.

16134. I understood so?—No, not at all. It was, whether the system of working under a rebate system is illegal or not. That is the question that was put.

16135. But, then, unless you can furnish us with the case and the opinion, it is open, after the evidence we have heard, to doubt whether according to the true interpretation of the Sherman Act, that is so. It appears to me to be as at present advised that it is a violation of the law to have a system of rebates, because it tends to a monopoly—for those are the words—and that is a violation of the Sherman Act. But you are quite right in saying that the Elkins Act has no application at all to the case?—I have in my mind both Acts.

16136. The Elkins Act only applied to cases where the carrier is a carrier partly by rail and road?—Yes, that is so, I think, and not exclusively by sea.

16137. Now consider for a moment what is here stated. It is stated that the same applies to the Sherman Act as to these cases. The Sherman Act applies to all carriers, whether carriers by rail or carriers by water, provided it is not within one State only. Therefore I think you must agree with me that that statement that the Sherman Act does apply to the carriers by water only is an incorrect statement.

16138. (*Sir David Barbour.*) From the fact that a case was submitted to counsel it may be inferred that some doubt was felt as to this question?—No. Undoubtedly a great deal of interest was called to this question of rebates.

16139. There must have been some doubt in existence about it?—I have no doubt that was the origin of the reference to counsel. I might say I have never looked upon the question of rebates as coming under the application of the Sherman Act. I think that Act rather dealt with monopoly or discrimination.

16140. (*Chairman.*) You are quite right about the Elkins Act as to discrimination?—The Elkins Act applies to rebates only, and the Sherman Act to discrimination. That is the broad distinction, I think.

16141. Or tending to monopoly?—The Sherman Act refers to tending to monopoly.

16142. But do you say those agreements do not tend to monopoly?—I say they do not tend to monopoly.

16143. Now we will go to another part of the subject. You know I am not on the question of the legality of monopoly?—No, I am on the term "mono-"poly," without qualification as to whether it is right or wrong.

16144. There you differ from Mr. Byron?—I think he used the term "partial monopoly."

16145. (*Professor Gonner.*) That is surely tending to monopoly?—I am not responsible, of course, for Mr. Byron's views. I differ from him, if you like, in that respect.

16146. (*Chairman.*) There is one passage in paragraph 18 of your *précis* which I might call attention to: "The special need for cheap transit to South "Africa must be patent to all, and it is a moot ques- "tion whether anything can be done in the way of "finding means of averting wasteful competition in "the steamship service as attaches to a certain service "which involves steamers proceeding half-full and "less than half-full." Just tell me what you had in your mind when you wrote that passage?—I had in my mind there a recent speech by Mr. Lloyd-George on the question of wasteful competition in the railway services, and it was patent to me that if any one took a comprehensive view of the shipping trades in this country, including South African, it could be held there was wasteful competition there. If for that wastage any scheme could be devised to prevent it, there would be a saving for the general community. What proportion of the saving would attach to the shipowners and what proportion to the shippers would be a matter for adjustment.

16147. I understand what you mean by that. Then you put in the correspondence with the Colonial Secretary in 1904 as one of your documents?—Yes.

16148. You offered the Colonial Secretary that he should fix the rate of freight if he would say he would guarantee 5 per cent. to the shareholders?—Yes.

16149. The Colonial Secretary declined that offer?—That was a matter within his discretion. We made the offer because the Colonial Secretary had expressed sympathy with the allegations brought against us as to unjust rates of freight and iniquitous profits being made. We had not the slightest objection to transfer those profits to the Colonial Secretary, and to take much more modest profits ourselves. We made him that offer, but I knew when making it, of course, that he was not likely to accept it.

16150. The profits are very low sometimes in these Conference Lines?—Some are a minus quantity.

16151. How is it that shipowners are anxious to get into unprofitable districts?—They have got to wait and learn by experience. It all looks well on paper.

16152. What induced you to join the Conference?—That is what I am at a loss to appreciate to-day.

16153. When did you join the Conference?—In 1892—15 or 16 years ago.

16154. Were there not enough steamers then in the business?—No; I think we came in under rather peculiar conditions.

16155. I do not think I ought to inquire into these unless you like to state them?—I have not the slightest objection, because reference was made by Mr. Byron to the circumstances, but his memory did not serve him quite rightly on the point. The grounds on which we came in were that for some few years two firms of brokers had been chartering outside steamers and had been loading them for South Africa at irregular intervals and irregular passages, and that made dissatisfaction and trouble with a section of the trade. That section approached us, knowing we were steamship people, and they informed us there would be a possibility, on certain conditions, on our undertaking to put in our own steamers and sail with regularity and putting an improved class of steamers on, of our getting their support. Shortly, that induced us to decide to make a bid for the South African trade. It has been frequently stated that we fought our way into the trade, and we have been classed with the notorious fight of Messrs. Houston, but nothing of the kind took place. This is what a German would call a peaceable conquest. We got in without a fight. We served a purpose in that way. We absorbed two lines which were going, and simply substituted our own steamers for those irregularly chartered steamers, and eventually we came to an arrangement with the existing lines at the instigation and under the pressure of the merchants themselves that we should come into line with the Conference Lines, and not take our own line of action.

16156. So that you came in in a manner entirely different from that in which Houston came in?—Entirely different. *Mr. E. Lloyd.* 3 *Mar.* 1903.

16157. Then that leads me to this question. The deferred system of rebates does not prevent freight war?—It does not prevent it. It simply minimises the effects of freight wars in the matter of dislocation of rates. It prevents the disturbance of rates by a casual interference. That is all. But given a firm of shipowners strong enough to make themselves felt in a trade, the rebate system will not prevent all the disastrous consequences which ensue from the dislocation of trade resultant from such opposition.

16158. Then, when there is a freight war, the freights offered by outside steamers must be generally less than the Conference freights by at least the amount of the rebates?—Yes, and more than that. They have to make it sufficiently lower to induce support.

16159. So that when the freight war is over the freights rise again to the former level, if not higher, do they not?—That is, in theory, so, but unfortunately in practice we have not realised that.

16160. Why not?—They do not rise so suddenly, and they never reach—at least, I will not say never, because that is a long day—but they have not up to the present, even after the Houston war, reached the level they were at prior to that. It is more difficult to raise rates and restore them than it is to drop them.

16161. Then, there are the other papers you have prepared; one is, as regards a communication made to you by the Board of Trade, and I will just ask you one or two questions on that, although it may not be of very great importance. It is a letter dated the 26th June, 1906?—Yes. It is with reference to Messrs. Hunt & Sons.

16162. That says: "I am directed by the Board of "Trade to forward to you herewith a copy of a state- "ment received from a South African correspondent, "in which a comparison is made of the freights from "the United Kingdom and the United States, respec- "tively, on various goods consigned to South Africa, "and I am to state that the Board would be glad to "receive any observations you may desire to offer on "the subject." Then comes that table on the second page?—I have it before me.

16163. Do you say that the freights mentioned here are freights to Natal only?—In that table, yes.

16164. Therefore, you say, it is not a complete representation; it is a partial representation?—I call it a dishonest representation.

16165. Because the freights to Cape Town and other places in South Africa are lower?—It would not have suited the comparison.

16166. Now, have the freights to Natal been changed?—From this country?

16167. Yes?—Yes, they came into certain changes last July.

16168. Have they fallen?—The trend was to fall in all cases. The Natal freights were all reduced.

16169. And they afterwards became raised?—No, not raised.

16170. (*Sir Alfred Bateman.*) The Cape rates were raised by 2½ per cent., were they not?—No. You are referring to an impost of 2½ per cent. That is not a raising of freights at all. That was raised by the Cape Town Harbour Board themselves.

16171. But to countervail those rates you raised your freights?—No, we put an additional charge on as an extra charge for the Cape Town Harbour Board. If they make an assessment of 10*s.* a ton to-morrow upon our steamers for wiping off their debt, we should, I hope, see some means of putting on a countervailing charge. We should simply charge 10*s.* per ton extra in consequence of the Cape Town Harbour Board charges. But it is not fair to put it that it was in consequence of our freight.

16172. (*Sir John Macdonell.*) The rates on all classes of goods to Cape Town, and to Port Elizabeth, I thought were increased?—I am not aware of it, but I shall be happy to refer. I do not handle the rates in detail. I think we wrote a letter to the Secretary giving all particulars.

16173. I put it to you, that the amounts actually charged for freights on all classes to Cape Town and

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Port Elizabeth were increased?—I will refer to that, if you will allow me. I have got the paper before me.

16174. That is to say, taking into account the reduction of 10 per cent.?—I do not take that into account at all.

16175. That is your explanation?—That is my explanation absolutely, because I have given up something in giving up a portion of the rebate.

16176. (*Sir David Barbour.*) How many lines are there in the South African Conference—about half-a-dozen?—Seven, I think there are—quite that.

16177. Is there a written agreement?—There are various written agreements of one sort and the other. They vary from time to time. They are agreements between certain lines. I am thinking of an agreement with another line to do a certain thing which is a thing interesting to another party.

16178. But is there a general written agreement that covers all?—There is a written general agreement by which we agree to observe the rates of freight made amongst ourselves.

16179. Would you be willing to produce that agreement?—Personally, I should not. I should think there is no occasion to do so. It is for everyone to speak for himself, but I have no right to produce it if a contrary view is held by other members of the Conference.

16180. You express the opinion that the profits made by the Conference Lines in South Africa are not excessive?—I do.

16181. Neither at the present time nor on an average of years?—Not at the present time on an average of years.

16182. Sometimes trade is better and sometimes worse?—That is so.

16183. At the present time it is not very flourishing?—It is the reverse of flourishing. It is very unremunerative.

16184. Now the agreement, I think, amongst the Conference Lines is mainly as to rates of freight. Is not that the most important item in it?—I do not know that it deals with rates of freight at all.

16185. I refer to an agreement as to uniform rates of freight?—Yes, it is simply providing that we all undertake to each other that we will adhere to the rates of freight that are agreed on.

16186. That is uniform rates of freight, and that is the most important portion of the Conference?—Yes, I should think that would be so, or uniformity of action amongst the lines.

16187. That would cover rates of freight?—Yes, that would cover rates of freight.

16188. I understand any line is at liberty to send as many steamers as it likes from this country to South Africa, and when it likes, and to what port it likes?—Not quite so freely as that. I believe there are in certain cases understandings that certain lines will not send more than a given number.

16189. Is that part of the general Conference agreement, or is it an agreement between particular lines in the Conference?—I think that might be said to be part of the general agreement.

16190. That they are limited?—That they are limited.

16191. Certain lines are limited?—Certain lines are limited.

16192. As regards the number of steamers?—As regards the number of sailings.

16193. What about the ports?—We can go to the same ports in South Africa. There is no restriction on ports.

16194. It is the times of sailing and the number of steamers?—The times of sailing and the number of steamers.

16195. Is there practical competition for the traffic or trade between the different lines that are in the Conference?—Absolutely free.

16196. Absolutely free competition?—Absolutely free competition—killing competition—worse than free.

16197. Absolutely free?—Absolutely free.

16198. Now I put it to you that under these conditions the profits never can be excessive on the part of the Conference Lines?—Yes, that is right.

16199. Because they compete amongst themselves?—They compete amongst themselves.

16200. Now I want to take a purely hypothetical case. Suppose the rates of freight were originally fixed at 50 per cent. higher than they ought to be—I do not say they were or that they are at all higher than they ought to be, but for the purpose of argument I make that supposition—then competition would lead these different lines to struggle for the trade in such a way that no line could make excessive profits?—You might argue that. I do not know that it would be done in practice.

16201. Of course, it could be done?—Of course.

16202. The result would be that although the freights were 50 per cent. too high the owners of steamers could fairly say, "We have never made "excessive profits, and we cannot reduce the rates"?—Yes, they could; but in theory only.

16203. I am putting a purely theoretical question?—Quite so. I appreciate that.

16204. (*Mr. Lawrence.*) I think you stated you would have no objection to arbitration or a conciliation board as to the question of raising freights?—I should have less objection on that point than to lowering rates.

16205. If you could conceive a conciliation board deciding whether rates should be raised or not, could you argue against the principle that conciliation boards should also decide the question of the reduction of rates?—Absolutely. I should not leave it to any conciliation board, for instance, to put rates which should destroy for me my business. Within limitations, with conditions, I have no objection to their even taking into account the question of lowering rates. But that would involve a responsibility upon them which I know as a practical man they are not likely to accept. But it would be eminently ridiculous to suggest that a conciliation board should have the power of saying that your rates shall be put, if you like, at 2*s.* 6*d.* a ton.

16206. You would not object to the conciliation board deciding on the question before you could raise those rates as they exist to-day?—No, because we have arrived at a certain basis of working. I might wish to see the rates advanced on a certain article, and I have to take my chance of them taking my view when they hear my argument. I am not absolutely ruined if they do not, because I could refer a dispute to the board themselves.

16207. Then you would only consent to a conciliation board under very strict limitations, which would control them to a very great extent? That is to say, you would not give any conciliation board full powers in dealing with that business?—No, not to handle my money.

16208. (*Sir William Lewis.*) Have you thought out that question of the conciliation board, and what would be the constitution of such a board?—No, I have not.

16209. Where there were so many shipowners and so many shippers on each side, the shippers would say, "No" to the shipowners, and the shipowners would say "No" to the shippers, and there would not be much chance of agreement?—The same chance as in all conciliation boards. You start at first obliged entirely to dissent from each other, and by the exercise, I hope, of good sense and reasonableness one gives way a little and another gives way a little, and eventually you come to a settlement. That is the only conciliation board that has ever been established, and the only one that can be.

16210. You said just now that there was keen competition between the shipowners comprised in the Conference, but you would hardly say there would be keen competition in freights?—There is keen competition for cargo.

16211. But not in freights?—The freights are all understood. We fix a rate of 20*s.* to-day, and it is known to the whole trade that the rate is that, and you will see a shipping clerk from every office there

using all the wiles and means at his disposal to induce a shipper to give him cargo instead of the other man. One says it is because his ship will get to its destination faster than the other, and another says, "My ship is now waiting to receive cargo." All sorts of reasons are given, and I say in that way there is the most effective competition.

16212. (*Sir John Macdonell.*) Would you object to production of the case submitted to counsel and the opinion upon that case with regard to the bearing of the Sherman Act upon the rebate system?—I think I should have no objection at all to that. But I am not sure that it is a case submitted from this side. I should have to get it from America. I should not have the slightest objection to that.

16213. So far as you are concerned, you are quite ready to show both the opinion and the case upon which that opinion was founded?—I should have no objection.

16214. Do I understand you to say, also, that speaking for yourself, you see no objection to the production of the Conference agreement?—No, I do not say that.

16215. Then, correct me, please, because I am anxious to learn what you say?—Speaking for myself, I see no reason for its production, I should view it as inquisitorial. I cannot conceive anything within my appreciation of that agreement which has a bearing upon the subject-matter of this Commission's inquiry.

16216. Do you think that a Commission, charged with inquiring into the nature, character, and effects of a Conference would be able to arrive at a sound conclusion without seeing the instrument or document creating that Conference?—Absolutely. You will have no difficulty whatsoever on that point.

16217. You would like the Commission to take your recollections, which may or may not always be accurate, in regard to various portions of the document and its effect. Do I make myself clear?—No, I think not recollection. It is my knowledge of it. It is not a case of recollection. If it were preferred, I would get the document before me to speak from it, but I should have the same objection to produce it then.

16218. That is enough. You think that there are reasons why the agreement should not be produced?—I take it the other way—I see no reason why it should be produced, if I may be permitted to say so.

16219. Do you see any objection to the document being shown confidentially to the Chairman of the Committee?

(*Chairman.*) I should object.

(*Sir John Macdonell.*) That is enough.

(*Witness.*) Personally, I should not have any objection to that being done.

16220. (*Sir John Macdonell.*) A question was asked you with reference to the agreement with the German Lines; would you also object to the production of that?—Yes, I should object to that on the same general grounds.

16221. That is enough. Now, you have stated more than once your extreme desire to form a throughly representative committee of merchants?—That is so.

16222. One Commissioner asked you whether you had worked out in your own mind that idea. Have you?—No, I have not at all.

16223. May I take it, that you have formed an opinion to this extent, that in framing such a representative committee, account would be taken of the opinion of South Africa?—Yes, I should presume that.

16224. Do you think, too, that there would be, to use your own excellent phrase, adequate representation, unless there were upon the conciliation committee representatives of merchants in South Africa?—I think it would be highly necessary that there should be.

16225. Assuming that to be necessary, can you suggest to me (because I am very anxious to have your opinion with regard to this) how that could be carried out in practice?—That is one of the difficulties, undoubtedly, of the situation. It is not an impossible thing, even if it were necessary for South Africa or certain sections of it to send a representative over at given times in the year. But, of course, the fact of South Africa being at such a great distance renders it very difficult to get business men to leave for so long, and it is very expensive, but at the same time most of the leading houses in South Africa have houses on this side, and it occurs to me that the London representatives of those houses would make competent representatives on a merchants' committee.

16226. But we are informed that in South Africa there are certain houses that have not such representatives in London?—No doubt there are anomalies. I do not know how you will get over that point. It is impossible to make a merchants' committee which is going to satisfy everybody.

16227. Quite so, but, at all events, I understand your position to be this, that you, looking with your great experience at this question, are desirous to take into your confidence the mercantile community of South Africa?—Undoubtedly.

16228. According to your position you are not to treat those who ask for alterations as peculiar persons, but as persons whose opinion is to be consulted?—Certainly.

16229. Do I understand that to be so?—Yes, I agree heartily in that.

16230. You, looking at the matter from a business point of view, are extremely desirous of forming a committee which will represent all the houses interested here in the South African trade?—Yes.

16231. And so far as it is practicable, all those interested in South Africa?—Yes, so far as it is practicable. I should like to see that done.

16232. You are prepared to go to this extent, as I understand, that if this committee, which will be a thoroughly representative committee, can be formed, no action in the way of raising rates shall be taken without consulting it?—That would necessarily follow.

16233. And you are prepared, I gather, to go even a step further and say that if there is a diversity of opinion, as there might be, in regard to the raising of rates, you contemplate some independent body or person being called in to settle that difference?—Yes, always assuming that we have a basis upon which we start which is mutually acceptable; it may be taken if you like, on the basis of the present rates, whatever they may be.

16234. I do not want to commit you to anything more than you desire, and I am for the present assuming, as I think you are assuming, that this conciliation board has adopted certain general principles?—Yes.

16235. I do not want in any way to commit you to anything more than you are content to state?—Yes, and I am assuming the conciliation committee would be composed of sensible men. Circumstances might arise under which a rise of freights would be absolutely imperative, conciliation committee or no conciliation committee, in time of war, for instance.

16236. But I am not putting to you exceptional cases like that; I am putting to you questions relating to the normal course of trade?—Under normal conditions I would entirely concur in what you say.

16237. I understand you are speaking only of normal conditions?—Quite so.

16238. But then, as I understand, where you shrink from some of the incidents of such a committee, is that you think that such a conciliation committee ought not to have power, and no third person ought to have power to lower rates. Is that the point you want to put?—There, again, it is a question of what one means by lowering rates. I am obliged to say at once that I would not submit to any committee having the power to vote such rates or declare such rates as were unworkable.

16239. At all events if they did so, you would have power to decline to stand by them?—Quite so. I should decline to operate them.

16240. (*Mr. Taylor.*) That does not mean you would cease to run steamers, I take it?—No.

16241. (*Sir John Macdonell.*) You would go outside the Conference if you thought fit?—Yes, and run at lower rates till I got back again.

16242. You are familiar with the relations of the working of the railway system in South Africa, generally speaking?—Yes, quite so.

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16243. You know that system according to which there is an agreement as to the rates for what is called "in-transit traffic" at the various ports?—Yes, I know the system.

16244. I suppose, knowing the system, you would admit that the working of that system is entirely dependent upon what the sea freights are?—I would not say entirely, but largely dependent on that.

16245. I am not speaking of coast traffic; I am speaking of "in-transit" traffic?—Yes, of internal traffic.

16246. I presume that if you chose in any way to alter your sea freights, that whole system of railway rates would be brought into a state of confusion?—As an academic question, possibly; but I cannot appreciate it as a practical one.

16247. I put it to you that the men who have worked this railway system practically have expressed in the strongest possible terms their opinion that the system is dependent upon that?—I should adhere to those opinions then.

16248. I put it to you that Mr. Price, who is at the head of one of the great railways, has expressed that opinion?—Yes, I know.

16249. To quote from the evidence given by Mr. Wilson, he says, "The Conference Lines by a stroke "of the pen could upset such an arrangement, and "produce complete chaos in our railway system"?—It reads very nicely, but I cannot conceive the position arising.

16250. But has not the situation come about?—No, I think not.

16251. Did not the various South African Governments meet only a short time ago to rectify and correct the result of changes in the rates of various ports?—They met for the purpose possibly of rectifying. I do not know that they did. I do not think they had anything to rectify, or if they had, it was not to be rectified in that manner.

16252. But, at all events, you will agree with me that they did meet, that they did state that the altered sea freights did affect their railway system, and that they agreed to a system of allowances between themselves in order to prevent this?—I am aware of the very elaborate system they arrived at, but I was never satisfied that there was ever any occasion for it, nor was there any evidence, so far as my knowledge goes, ever produced. I think it was a political move and nothing else.

16253. But, at all events, various people in South Africa for good reasons or for imperfect reasons did, substantially, that which I put to you?—They met, but I do not know that they did anything more. While you are on that question, might I say a word on the bearing of the relationship of the rates to the different ports? I think you will at once see the reason of the scepticism on my part, when I tell you that the same goods may be shipped from America to those ports and the same relation of rates does not exist in those goods going from America to those ports.

16254. That is a very important point with regard to that?—The same goods may go from Australia to those ports, either to one port or to another port, and there is absolutely no regard whatsoever being had to any relationship of the rates. Now, I ask, with that condition of things, is it possible to appreciate seriously that the trifling alterations in the English rates were such as to produce or necessitate all the Colonies and the Governments meeting together.

16255. In your view, that meeting and the resolutions passed thereat were rather in the nature of political moves than in the interests of trade?—I would not like to say that they were not excellent in principle, but it would necessitate a very much greater disturbance in the relationship of the rates than anything that took place on that occasion to have made those resolutions of any practical value.

16256. Then, to turn to the point which I put to you before, certain municipalities and certain public bodies formed docks in South Africa?—In Cape Town. I think they are Government docks. They would come under the working arrangements of the Cape Town Harbour Board.

16257. They belong to the Harbour Board. Would you agree with me that unless the members of the Conference Lines are anxious to fall in with and consult the opinion of the mercantile community, it is not to be wondered at if the various public bodies possessing and controlling the wharves and harbours should do as they like with their own as regards the Conference Lines?—We should dislike what they do, but we cannot restrain them from doing what they like, and we presume they always have done as they like.

16258. Now, passing to an entirely different part of the subject and taking the case of the trade from the Continent to South Africa; what provision, if any, does the Conference make for traffic which may not come from the regular ports. There are, I understand, so far as the Conference is concerned, something like four ports from which regular sailings are made?—No, I think there are not four. I think there are only Hamburg, Antwerp, and Rotterdam—three ports, I should say.

16259. Not Amsterdam?—No. My firm formerly used Amsterdam, but we have withdrawn from it. I think there are only three such ports now.

16260. And those are the three ports, so far as the Conference is concerned?—Yes.

16261. Now, what happens to a shipper who chooses to ship from the Continent to South Africa but not from one of the three ports? Does he lose his rebate?—He does not ship.

16262. But if he does ship?—I could not answer that. He does not.

16263. It is an answer which you may not feel capable of giving, but assume that he did ship, say, from another port?—I think that would depend on the circumstances. I should have to have the whole of the circumstances before me, speaking personally, in relation to the matter in which he made his shipment. I could conceive in one set of circumstances that it would be manifestly unjust and unfair to deprive him of his rebate, and under another set of circumstances that it would be manifestly most proper to deprive him of it. Those are questions which are all dependent upon circumstances.

16264. But would that hypothetical shipper be able to know beforehand what would be the fate of his rebate?—Yes, that hypothetical shipper is the man who always knows most in the trade.

16265. I thought he did not exist?—In hypothesis, he does. You cannot teach much to that man.

16266. It is difficult to deal with that kind of answer?—I am sorry if I am not answering you but from a practical point of view I do not appreciate the question.

16267. I will repeat it. If a shipper shipped from a port not included in the three mentioned, would he or not forfeit his rebate?—It is impossible to give a categorical answer to that question.

16268. With whom would it rest as to forfeiting his rebate?—With the Conference Lines.

16269. It would rest entirely with them?—Entirely at present.

16270. Now does the term "Continent," which is included in the rebate circular, include Russia, Norway, and Sweden?—No, it does not. I think the limits would be taken to be from Hamburg in the north to Bordeaux in the south. We do not control other places outside.

16271. (*Professor Gonner.*) Does it include Marseilles?—I think it does not. I could conceive probably that it would not, but I speak subject to correction on that point as regards Marseilles. I think it would not include Marseilles.

16272. (*Sir John Macdonell.*) Would you repeat, so far as you can, what you think are the limits of the ports?—There would be Hamburg, Bremen, Amsterdam, Rotterdam, Antwerp, Havre, Dunkirk, and Bordeaux. I suppose those would be about all the ports from which ships could go and make ocean voyages, for instance, or are likely to go to South Africa from.

16273. Could you explain to the chairman the various modes in which freight might be calculated according to weight or measurement, and, returning to the South African trade, will you tell us have there

been any cases in which to your knowledge an apparent reduction in freight has to some extent been annulled by alterations in the measurement?—Not to my knowledge. I think I am entitled to deny that statement.

16274. Some suggestions to that effect have been made?—I should like to make an observation on that.

16275. Do, please?—I am desirous to bring before the Commission the evidence of a Mr. Smith, of Messrs. Fraser & Chalmers, and I can only say, in the most emphatic manner, that that is absolutely baseless. He makes this statement here: "When "the rate was higher the shipowners used to honestly "measure a boiler; when the rate became lower, they "dishonestly measured it." He says that "there had "been a nominal reduction. The effect has been "exactly the same." He says: "They prevented us "from packing or nesting tubes, and prevented us from "doing all sorts of things, which practically brought "the freight back to the same as of old"; and he "says: "They would not let us measure them; they "measured them in their own way." He says in another place: "The class has been lowered, but the "result in freight payment is the same to us." I can only speak for my own firm, and I say that the whole of it is based upon imagination. I do not know if the other Conference Lines in the Cape trade will make the same statement.

16276. (*Mr. Taylor.*) Not surely that point about the person who measures the goods; that is correct, is it not? You do not deny that?—"They would not "let us measure them; they measured them in their "own way." You are on that point, I believe?

16277. Yes?—I was naturally somewhat concerned when I saw such a diabolical charge brought against shipowners. I do not agree when he talks about measuring the goods in that way, and I requested our brokers to furnish us with the facts, and I have two letters dealing with the matter. The first is a letter from Messrs. Houlder Brothers & Co., Ltd., saying: "Dear Sirs,—Messrs. Fraser & Chal- "mers. Machinery. These shippers have always "supplied us with specifications for their shipments "of machinery in steamers loaded by us. These have "proved so accurate when compared with ship's "measurements that their specifications have always "been accepted and freight charged on their own "figures." There are also shipments which do not go in our steamers loaded by Houlders, but go in the steamers loaded by Messrs. Howden, and this is their reply: "Dear Sirs,—In answer to your enquiry, we beg to "inform you, in reference to the measurements of "machinery shipped by Messrs. Fraser & Chalmers, "Ltd., to South Africa, we have always found that "the dimensions given upon their specifications were "so nearly in accord with those returned by the dock "people that it has been our practice to accept their "specifications and charge freight thereon." I would wish to say that in no case does the steamship owner measure them. It is the dock people. If it is not the merchant's specification it is the dock company's specification.

16278. (*Sir John Macdonell.*) I am glad I put the question, and I am interested in your answer?—I am extremely obliged to you for it.

16279. Would you also favour the Commission with your explanation of or your remarks upon a statement in the evidence of Mr. Garlick in South Africa to the effect that the engagement on the part of the Conference Lines not to forfeit the rebates of the shipper by instructions from his principal or by an outside body is not always loyally kept to?—No, I cannot explain it, but I should think that Mr. Garlick must have spoken under some misapprehension, or that his statement is not clearly conveyed in the reported words.

16280. Do you know instances of that sort occurring?—I should say that in my experience the withholding of rebates has been more honoured in the breach than in the observance, and if there has been laxity at all, it has been in favour of the merchant. I am not aware of any case of the kind that has ever been brought to my knowledge.

16281. Then a question or two about your knowledge of the trade with the United States, which I know is large. The opinion to which you refer was taken, I presume, at or about the time that the Elkins Act came into operation?—No, it was taken about two years ago, the Elkins Act having been on the Statute-book for a much longer period.

16282. Since 1903 it is?—About two years ago, I think that is. A case was started against us in the States, arising out of the rebate question, it is Thomsen versus the Steamship Lines, and that case was heard and a decision given in favour of the steamship owners.

16283. We have heard of that case, and I want to ask you about that?—But that is the position at the present moment.

16284. May I ask whether the Conference Lines have any agreement or understanding with the Conferences which send ships from the United States?—Yes, and I am a member of certain Conferences which send ships from the United States.

16285. What I may call the English Conference has a certain agreement with those Conferences?—No, not any.

16286. They are entirely independent?—Entirely independent. They are non-existent one to the other.

16287. At the present time, in the case of the lines going from the United States to various foreign ports not in the United Kingdom, are rebates paid?—In certain trades, but in some they are not.

16288. Would you mind giving us an instance of one of those trades in which such rebates are paid?—In the China and Japan trade.

16289. Where from?—From New York.

16290. From any other American port?—There are no lines running from American ports in the long distance voyages, I think I am correct in saying, except from New York. As to Baltimore and Philadelphia, they have lines running to Europe, but not in long voyages.

16291. So far as that trade is concerned, the rebate system exists?—It exists.

16292. Are the conditions of it substantially the same as the conditions of the rebate system in the South African trade?—Substantially they are the same They are not quite so comprehensive, because the system which obtains in America in every trade I think really covers both methods of working, and where a rebate system does exist there is also to an extent the practice of making contracts.

16293. In the United States and the China trade there are, you may say, the two systems?—We have the two systems.

16294. A contract with an independent shipper?—A contract with an independent shipper.

16295. Or the rebate system?—Or the rebate system over the general shippers.

16296. Am I right in saying that when a contract is entered into with an individual shipper, that contract may be upon terms different from those which would be given under the rebate system?—Entirely different.

16297. It might be entirely different?—It might be entirely different.

16298. The result might be that very much more advantageous terms might be obtained?—Under the contract?

16299. Yes?—The contract is dependent upon the quantity.

16300. So that, so far as that trade is concerned, you have a state of things entirely different from what you have in the South African trade; that is, the two alternative systems, the individual contract system or the rebate system?—Substantially different, yes.

16301. That is one trade in which the rebate system exists. Still confining your attention to America, is there any other to your knowledge?—I am not associated with any other trades in which it exists, but I believe it exists in the Brazils and the River Plate trade.

16302. But there are certain ocean-going lines from the United States in which the rebate system does not exist at all?—Yes, and I am in some of those trades.

16303. Will you give an example of those?—I am in the New York-Australia trade, and there is no rebate there.

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16304. Any others?—At the moment there is no rebate from New York to South Africa.

16305. So that, so far as the United States is concerned, the trade with foreign parts is in this condition, that some trades have no rebate system of any kind, and there are some trades in which there is only the rebate system, and some trades in which there is the rebate system and the individual contract?—I am not able to say that there are some trades in which there is only the rebate system. I do not know of any trade which is exclusively controlled or governed under a rebate system. I think the contract system obtains in all trades from America.

16306. (*Chairman.*) From America?—Yes.

16307. (*Sir John Macdonell.*) Now, directing your attention to those trades in which the rebate system has not existed, as in the trade to Australia, should you say that shippers suffer any inconvenience owing to the absence of that rebate system?—They suffer inconvenience owing to the absence of regularity and fixity of rates. You may put it down to the rebate system or not. I would not say they suffer from the absence of the rebate system; but if the rebate system is a factor to produce uniformity and fixity and regularity, then it is so.

16308. Should you say, from your experience, that in that trade there is greater irregularity in the sailings, and greater irregularity in the rates than in trades in which there is the system?—Undoubtedly so.

16309. You would say that?—Yes, undoubtedly, that is the case.

16310. Now, still dealing with the American trades, and trades in which there is no rebate system, do you find that the small shipper fares worse than the large shipper?—Yes. But that is a question of comparative terms.

16311. I will put it in a different way to you. Is not it the case that certain lines sailing from New York give exactly the same terms to the shipper, whether the consignment be 5 tons, 50 tons, or 500 tons?—Yes, I should say, within those limits; and it is entirely a question of limits. Probably, the same rates would apply within those limits. It is when you get to larger quantities that there may be a difference, for there is facility in America to deal with larger quantities. We have individual shippers there dealing with 5,000 tons.

16312. But I am putting aside very large shipments. Small shippers, within such limits as you indicate, would obtain equally favourable terms with large shippers, in the absence of any rebate system?—More or less. I would not be able to declare that as a matter of fact. A shipper of 500 tons may make a bargain where a shipper of 5 tons could not.

16313. But, from your experience, would you not say that usually the rate per ton in those two cases would be the same?—It would be quoted the same, but I would not be so sure that would be accepted. I do know of cases of 500 tons, and probably less, where a shipper has made a bargain.

16314. It has been suggested that certain rebates in the American trade are paid on this side of the water in order to evade the American Acts. Do you know of such cases?—I have no knowledge of such cases. It is pure imagination.

16315. I may take it, that as regards the trade from the United States to South Africa, highly favourable terms are given to such very large shippers as the Harvester Combine?—Yes, they make very favourable contracts.

16316. Are you in a position, or do you feel yourself free, to give specific information as to the terms of those contracts?—No. I should say, in general, that they do obtain cheaper rates than are the tariff or quoted rates, whether from America or this country. They come forward with a large quantity of 20,000 or 50,000 tons, and we might hope to get the tariff rates, but we do not get them.

16317. I suppose that the system of giving special rates for large quantities to the Harvester Combine has been in operation for some considerable time?—It has always been in operation within my experience, and I should estimate prior to that. A large shipper has always been able to make his bargain for freight.

16318. But I would ask you to concentrate your attention on the Harvester Combine and that class of shippers. I suppose you would admit that the effect is to give the manufacturer and exporter of agricultural machinery in the United States of this kind a decided advantage over the manufacturer and exporter of similar machinery in this country?—I have never been able to see that it is any advantage.

16319. With all respect for anything you say, that sounds a little paradoxical?—I say that the American manufacturers of harvesting machinery send machines to England which are used in England largely, where they have to pay freight which the English manufacturers have not to pay and yet they compete here.

16320. Your point is, that the Harvesting Combine is able to manufacture cheaply?—That is one thing, and the next thing is that it does not depend on the freight. That is our point. The difference in the freight is not the factor which determines whether it should be of English manufacture or American manufacture. That is my point.

16321. It is an element in it, is it not?—Obviously. But the price is not affected to any material extent by the difference in freight. I have invited, from English manufacturers, evidence that it does do so, and I can only assure you that I have never found in the whole of my experience one who has been able to bring me an instance of the transference of an order which would have been placed in this country and has gone to America for that reason.

16322. (*Chairman.*) Do you mean it is not the determining factor?—It is not the determining factor, and the merchant's own freight is never of that magnitude that it would be the determining factor.

16323. (*Sir John Macdonell.*) Could you tell me whether or not the freights from New York for such Combines as I have mentioned have not been in some cases as much lower than the corresponding rates from the United Kingdom as 20 or 25 per cent.?—I dare say that has been so. But it is better to deal with it in shillings than in percentages. 25 per cent. looks a lot of money.

16324. I quite agree, and I am not forgetting that. In some instances is it even more than that percentage?—I have the figures before me, but I should not be surprised if it were so.

16324. But your point is, that even if there was a difference of 30 per cent. in favour of the American exporter, the English exporter did not suffer thereby?—The British exporter did not?

16326. Yes, the British exporter?—That is undoubtedly so; there is not the slightest question on that point.

16327. (*Mr. Taylor.*) What would that mean on the machine?—I really do not know. I have not the details with me.

16328. (*Chairman.*) In the case of those quoted by Sir John Macdonell, where merchants ship from a port from which no Conference steamers sail, would you have any objection to the conciliation board determining whether in a particular case of that kind the rebate should be forfeited or not?—No, I think not.

16329. (*Mr. Sanderson.*) In your proof you allude to the German competition, and a previous witness gave us some very good information with regard to that, and, especially, he referred to the small amount of cargo on through rates from the interior of Germany to South Africa. He did not speak with absolute information, but that was to the best of his knowledge and belief. Have you any information to give the Commission of that point?—No; we have no precise information on the volume of trade done under the through-rate system. Speaking generally, it is growing, but it is not large compared with the magnitude of the trade that is done with South Africa. That is a very ambiguous way of putting it.

16330. Have your English merchants or manufacturers or exporters brought that under your notice from time to time? Has it been a factor in the rates of freight from England?—Yes, we have had distinct instances brought to our knowledge where in hardware goods, for instance, German manufacturers, perhaps, run very closely in competition with English manufacturers, and the item of freight is an element in the cost of the goods being acceptable, whether from Germany or England. That is different from the position of the Harvester Combine. I have had

instances of that kind brought before me, and they have shown that the through rate from a given point has worked out so different from the cost of the carriage of the goods taken in England, say, from Birmingham or Wolverhampton, that I have been obliged to say we cannot help it. It has been a factor for the transference of trade.

16331. Have they by any chance given you information as to the first cost at Birmingham, say, and the interior of Germany?—Yes. In certain cases I have had instances where the first cost has been about right in England. But that is taking the position at Wolverhampton or Birmingham and the position at Dusseldorf or somewhere there; but I have found that by the time you add the railway charges from Birmingham or Walsall or Wolverhampton to London, those railway charges would almost come to the through rate from a point in Germany, and if we carried them for nothing, we could not obtain them.

16332. Is that difference entirely due to the German system of railway rates versus the English railway rates?—It is entirely due to the system of the German State Railways—the through-rate system.

16333. It is not due to the steamers' freight, as far as you are aware?—Nothing whatever.

16334. They are on a parity?—The steamers' freights are absolutely on a parity. I have no reason to distrust German steamship lines in that respect.

16335. Germany of course, as the United States, must of necessity increase its business in South Africa, just as England has done?—Certainly.

16336. I have before me the statistics of imports into South Africa for a number of years, and I see, taking the last ten years, 1896 to 1906, they are rather interesting. I put to you that the average imports into British South Africa and the Cape and Natal for five years, from 1896 to 1900, come to approximately seventeen millions, versus one million only from Germany?—That is about it.

16337. Now let me pass to the next five years. From 1901 to 1905 the average amounted, with respect to Great Britain to twenty-four millions, an increase of eight millions, and one million five hundred thousand from Germany, an increase of five hundred thousand. Surely those figures would hardly indicate that German competition is a very vital factor in interfering with English trade?—I have never viewed it very seriously in that way. But the fallacy is in taking it in percentages. The German increase in that case would be a much greater increase than the British one, and obviously that must be so if you start from zero. If I only ship one ton this year, and two tons next year, I have done one hundred per cent. more business.

16338. The complaints that this Commission has had from a number of witnesses of the high rates from England interfering with the development of their trade in favour of Germany, apparently according to statistics, do not stand scrutiny?—I should say not.

16339. Then I will pass to the United States for a moment. It is a fact, as you told Sir John Macdonell, that the principal shipments and the largest quantity of shipments from the United States are really in the hands of a few large trusts and people of that kind?—Yes, the bulk of the business from the United States is.

16340. And you have of necessity to make special contracts with big firms?—Yes, or they will make their own arrangements.

16341. Now take that trade from the United States for the same period. I see from 1896 to 1900 the average trade from England, as I have said, was £17,000,000 and from the United States £2,600,000; and again for the following five years, 1901 to 1905, it comes to, for England £24,000,000 and for the United States £3,740,000. Having regard to the fact that the bulk of these American shipments are not keenly competitive with England, does that go to show that the reduced rates from the United States have been a serious factor in lowering British trade?—It is a popular fallacy on the part of anyone who advances that idea. I wish to be very emphatic on that. I think there is no support for the statements which have been made.

(*Chairman.*) What is that statement?

16342. (*Mr. Sanderson.*) So much evidence has been given here that the lower rates from the United States have been a serious factor in handicapping the development of British industry, I put it to the witness that, having regard to the fact that the majority of the American exports are in the hands of a few people, such as the Harvester Trust, the Steel Trust, and so on, the figures that we have before this Commission do not really bear out the complaints of witnesses that the difference between the United States South Africa rates and the English rates has been an important factor. That is the point I wish to put?—I think I might say that about 70 per cent. of the American trade is non-competitive.

16343. I understand so?—By the time you take the remaining 30 per cent. it is too insignificant to make the comparison. Much as we may deplore that a pair of boots goes from the United States of America to South Africa instead of from England, in principle we can only be sorry for it, but I do not think it is worth all the attention that has been given to it.

16344. Some evidence has been given by one or two witnesses as to the much-abused tramp class of boats, which I prefer to name cargo boats, to the effect that the rebate system has debarred them from running from England to South Africa, and to that extent has prevented the growth of British trade. What would be the attitude of the shareholders in a tramp company, their steamers being employed in an unremunerative trade for the time being, when they are aware that there is a remunerative trade next door to them, for instance, say the England and South American trade. You have told the Commission that the South African trade is very unremunerative at the present moment, though I am afraid very few trades that I know of at present, for example, are remunerative at all. But in a proportionate sense there might be, for example, openings for tramp steamers to be employed elsewhere, and what would be the attitude of the shareholders of that company if they saw their steamers being employed in that way?—I think the last state of their manager would be worse than the first. That is all.

16345. Now, may I ask you one or two questions on one very important piece of evidence that you gave this Commission on the question of a conciliation board. I understand in your evidence as to the value of a conciliation board, you are speaking purely for yourself?—Purely personally. I am not a delegate in any sense.

16346. It is a very important matter, and I am much interested in it. How can this conciliation board, or whatever board you may call it, arrive at any decision without going very deeply into the question of costs on both sides, both as regards the shipowner and as regards the manufacturer? Do you mean to go so far as to give them power to examine the books of the manufacturer as well as your own? Because, of course, yours are very largely public; we get the accounts. Is that in your mind, for example?—I do not know that it would carry one so far as that, because, of course, that would be unwieldy and impracticable. But I should at once point out this as to such a conciliation board. If, for instance, for illustration's sake, a reference were called on, and I stated the fact that the rate on certain goods from England was 20*s.*, the rate from America being 15*s.* for the time being, no matter from what cause, and a shipper urged that the rate from this country should be put to 15*s.*, I should undoubtedly require the conciliation board to ascertain the first cost of those goods; because I should see no point in reducing our freight by 5*s.* to meet a complaint if it wanted 10*s.* in the first place to meet the competition. That would be simply a ridiculous reduction of rates which would prejudice the whole trade.

16347. For instance, in the long-voyage trade, like the South Africa trade, one item of expenditure alone is very vital, that is the coal?—Certainly.

16348. As you know, we are now experiencing a considerable advance in the cost of coal, and, surely, the shipowners, in your opinion, would be entitled to ask for increased rates without referring to the conciliation board for so obvious an extra cost as that, which all the world knows of, in coal. It is easily calculated?—Yes.

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16349. How would you manipulate your business at all if you were caught with increases of costs, say, to-day in coal, and to-morrow it might be by Government legislation that had been passed through, with increases in the cost of material?—I am afraid it would carry many disadvantages for the shipowner, but, I think, for the sake of peace I would prefer to face that.

16350. I wish to get your views on this point, because it seems to me most important. You say, that if the conciliation board is to have the final say as to whether there should or should not be a rise in the freights or a reduction, it should have equal power of inspection, and report with regard to both parties on the question of first costs?—Undoubtedly.

16351. Whether it is the merchants or the shipowners?—Undoubtedly so.

16352. (*Mr. Barry.*) As the object of this Commission is to obtain the fullest information possible as to the system of deferred rebates, do you think it is possible that that full and complete information can be obtained without the production of the Conference Agreement?—I do.

16353. I understood your objection to the production of those documents to be more a sentimental than a practical objection; I think you said you regarded it as somewhat inquisitorial to ask for them?—I do think so, because it would convey information which has no bearing here, but which might convey to parties, who would be interested in this trade, certain information or matter to which we decidedly object.

16354. That is, you think it would be prejudicial to the interests of shipowners if that information became public?—Certainly.

16355. Would you have any objection to the production of the Conference agreements as confidential documents?—Yes, I think I should object to any production of them.

16356. Except, as we expressed it just now, to submit it to the Chairman, if he liked to read it through?—I presume I should have no objection to that, but as a document for the consideration of a large Commission of this character I should feel there were grave objections to doing it. I would personally have no objection to submit it to the Chairman, as, if he read it through, he would see there is no point in it which has any bearing upon the subject into which the Commission is inquiring. If the Chairman assented to that, I say there is an end of it, and it does not go before the Commission. I am so satisfied there is nothing in the agreements between the shipowners, or in any agreement that I am party to, that I can conceive has any bearing at all upon the purposes of this Commission.

16357. Following out your suggestion, suppose that in the judgment of the Chairman the agreement contained something that has a bearing upon the general purposes of this Commission; would you then have any objection to the production?—I think if I had that in my mind I should object, and I had better not submit it to the Chairman.

16358. (*Chairman.*) You would not object to trusting me, would you?—You put me in a very delicate position. I think I would prefer not to pursue the subject.

16359. (*Mr. Barry.*) I observe you say that in its conception, the intention of the deferred rebate system was to secure mutual advantages?—Certainly.

16360. Might I ask if any merchants, manufacturers, or shippers had any voice at all in the foundation of this system which was to be an advantage?—I am afraid I was not present when it was founded. I took it as it existed, but I assume that.

16361. As a matter of fact, do you know whether there was any general consultation with the traders before the system was called into existence?—No, not at all. I do know that it is approved of by what I should conceive to be the bulk of the shippers in any regular trade.

16362. It is reasonable to suppose that in fixing the rates of freight under the Conference system, the shipowners would fix the rates of freight first in their own interest?—Are you going back to the early days?

16363. No; but when rates are fixed, if they are fixed to-day, I suppose it is reasonable to conclude that the shipowners will fix those rates having regard to their own interest?—Obviously.

16364. The question of mutual interest is not so prominent in their mind, then, when they are fixing the rate, naturally, as the question of their own interests?—Quite so.

16365. That is a fair conclusion?—Quite so.

16366. I noticed that you objected two or three times to the word "monopoly" being introduced?—Yes, as to those trades where there are a number of firms carrying on the trade. I say there can be no monopoly where there is a number of firms.

16367. I suppose that except on the question of the general efficiency of the service and the general ability and smartness of your respective agents, there is no competition in the matter of freights?—There is competition in everything, excepting in the matter of rates.

16368. Precisely; but from the traders' point of view the matter of freights is more vital to them, perhaps, than the general smartness of your staff?—I agree. I have no objection at all to make every trade open and competitive. I have no objection whatever from the shipowners' point of view. Speaking from the general line point of view, we should do infinitely better to-day if all these general trades were open rather than worked under a system of fixed rates.

16369. Do I rightly understand that you would prefer to make it open in regard to the question of freights?—I would not have the slightest objection.

16370. That would mean the dissolution of the rebate system and the dissolution of every arrangement?—Take the South African trade; to-day when I cannot fill my steamers with merchants' cargo, it would enable me to put in a balance of cargo of my own. I could do better to-day on an open system in the South African trade than is possible under the system which obtains.

16371. Do you think that is the general view of shipowners?—I can only speak for myself.

16372. You would distinctly prefer an open and free competitive market for freights?—To-day. I am speaking of the present time.

16373. But not to-morrow, perhaps?—We will not say to-morrow, but at some given time when trade is active, then I think it would be advisable, even from the shipowners' point of view, to get back into some combined method of working.

16374. I noticed that you regard the question of freedom of contract as being most important?—I do.

16375. Do you think there can be freedom of contract between two parties when one of the parties possesses all the power?—That is a question which I cannot quite conceive has any bearing on any of the trades with which I am concerned. I do not see that we possess all the power, inasmuch as we have no power to compel people to ship if it does not suit them to ship.

16376. What alternative have they?—They might send their own steamers if they like.

16377. Is that not an absolute impossibility in 99 cases out of 100?—Yes, with small men it would be an impossibility.

16378. Even with large men?—No, not with large men; if they like to take a certain amount of risk, they can do it.

16379. I suppose that freedom which could be obtained by chartering outside vessels would be limited after all to only a small percentage of the trade of Great Britain?—No. I think the big houses in the trade, if they were so disposed, could charter steamers to cater for other shippers, if other shippers cared to ship by those steamers operated by a firm of shippers.

16380. (*Chairman.*) You think they could combine?—If they chose to do so, yes. We have no power to prevent a combination.

16381. (*Mr. Barry.*) Do I take that answer to mean that the small shipper therefore has no alternative?—He has no alternative. He would be squeezed out then.

16382. There is a point I would like to refer to again. The question was put by a Commissioner some time ago that in the case of a shipper who had accumulated a considerable sum of deferred rebate, that sum being accumulated under conditions where the freight was 20*s.* per ton, and the freight was then, without notice, arbitrarily increased to, say, 25*s.* per ton, then unless he accepts the new conditions, he forfeits the entire amount of rebate which has been accumulated?—No; you can hardly say "unless he accepts." Of course he has to accept the rate of freight; but if he objects to the 25*s.*, and there is a sufficient number of shippers who object to the 25*s.*, I presume they would at once combine and find some shipowner who would come on and give them a continuity of 20*s.*

16383. I was not speaking of combination; of course, it is possible for combinations to be formed under any circumstances?—Yes.

16384. I was speaking of the case of a single shipper who had accumulated a considerable sum in deferred rebates under a 20*s.* freight, that freight, without notice, being advanced to 25*s.* He must necessarily accept the advance or forfeit his rebates, must he not?—That would be the position.

16385. Would you have any objection to the shipper having legal protection—I do not want to use too harsh a term, but I was going to say against an imposition of that kind?—None whatever.

16386. You would have no objection to the trader having legal protection to guard him against such a thing?—I have no objection at all.

16387. There is another point I should like to refer to, and that is the case of a manufacturer on the east coast of Scotland, say, in the immediate neighbourhood of Leith. I think the Chairman raised the point in regard to the two ports of Leith and Glasgow. From the port of Leith there are no sailings of Conference steamers. Now, a manufacturer can get his goods into Leith for 3*s.* per ton, and it would cost him 12*s.* per ton to send them over to Glasgow; yet he is compelled to send his cargo to Glasgow or to forfeit his rebate?—No; there is no compulsion at all.

16388. There is no compulsion, but if he sends his freight from Leith rather than face the extra charge of the 12*s.* per ton to Glasgow, he forfeits his rebate?—These are all hypothetical cases, and I have never found them exist in my experience.

16389. (*Chairman.*) But if it happens?—If it happens, I am bound to admit the result would be as you have mentioned.

16390. And you would have no objection to having that settled by a conciliation board, I think you said before?—None whatever. None of these impossible conditions do I object to being settled by a conciliation board.

16391. (*Mr. Barry.*) And, even, you would not object to legal protection being obtained in such circumstances?—I do not see the application, but I should have no objection. I do not object to any control in that way.

16392. You say, a little further on in paragraph 8, "there is no compulsion or pressure upon shippers "to make their freight arrangements under the rebate "system"; but if they have no option, is that not very like compulsion under another word?—No, I cannot look at it in that light. We do not create those difficulties. We have come in and put a service on, and we indicate the terms on which we are prepared to carry. If it does not suit a man to ship by us, I cannot compel him to ship. I cannot see where the compulsion comes in.

16393. But his only alternative is to take independent action?—Of course.

16394. And to be penalised by the amount of his rebate?—It is not penalising. You mean that he does not earn his rebate.

16395. He is penalised by losing it?—No, not at all, any more than if I buy certain goods from you and you tell me if I pay in 30 days you will give me 5 per cent. commission or discount; but if I pay in 60 days you would penalise me, and you would tell me that I have no grievance.

16396. Is not the object, after all, of having the rebate deferred for nine to 15 months to retain a grip over the shipper?—No; I could not agree to that way of viewing it.

16397. It has the object of retaining the grip over the shipper?—It is the effect, not the object.

16398. Why not pay the rebates quarterly?—It would serve no purpose. You might as well pay them monthly; you might as well take it off over the counter.

16399. You would not have the grip over the traders then?—We should have no hold at all. It would be an open market.

16400. The intention is to have a hold over the trader?—The intention is not to have a hold over the trader, so much as to make it difficult for the outside shipowner to come in spasmodically and interfere with the trade. That is the object of it.

16401. Is not the difference between your view and mine simply a matter of words?—If you please.

16402. Then, you make an important reference to the question of German competition, and I notice you speak there, in regard to the East African trade, of its being striking and disastrous?—Quite so.

16403. In order to meet that competition, which is both striking and disastrous in the East African trade, would not open and free competition be the best means of dealing with it and meeting it?—Not at all. It would not meet it at all. The German competition has succeeded entirely by reason of the German subsidies and the application of the German State Railways. No competition, except a disastrous competition, which I cannot conceive any intelligent shipowner would go in for voluntarily, would meet that. It would serve no purpose, and it could have no bearing upon it.

16404. Is it not the case that in the East African trade and in other trades, the effect of the deferred rebate system is to debar some millions of free tonnage from competing in those markets?—No, not in the East African trade. There is no volume of trade there that would be affected by it; there is not sufficient volume of trade for East Africa even to permit of an open market.

16405. If the effect in the East African trade, be it large or be it small, is striking and disastrous, it must be rather a serious outlook for British trade, must it not?—It was serious to the extent that it prevented a service which was about a monthly service, being continued. The magnitude of the trade is not great, but it is illustrative of what might happen to other British trades in other quarters if the same system of Government subsidy and of German State Railway preference were accorded to other trades; then other English trades would have to succumb to that system.

16406. As the question of shipping subsidies is not likely to be a question of practical politics in this country——?—That is so.

16407. The only remedy left to deal with German competition is to have open and free competition?—That is no remedy.

16408. Is not this a fact—that the effect of the deferred rebate system is to maintain freights at a higher level than they would be at under an open competitive system?—No, not at all.

16409. You think not?—Yes.

16410. We have had evidence before us that in many important markets an open competitive system would have the immediate effect of considerably reducing the rates?—That is one of those half-truths which need going into very carefully to appreciate the full bearing of them. There are times—this I can illustrate to you and establish here, if necessary—when a tramp steamer is not obtainable at the money which I can earn in my regular trade. You have had evidence to the contrary, but I can produce evidence here to show that if I go into the market to-day, taking the African rates at what they are to-day, I cannot charter a steamer in the market at a figure which will enable the earnings to work out equivalent to what you pay the tramp shipowner. In these matters, you discuss the rates of freight, but, after all, what are rates of freight? They vary in the African trade from 42*s.* 6*d.* or 45*s.* down to 12*s.* 6*d.* You cannot get the tramp shipowner to go on at 12*s.* 6*d.*; therefore, everything on the ship at 12*s.* 6*d.* is shipped at a

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loss. The tramp shipowner would come on happily at the 42*s.* 6*d.*, but then he cannot get a full cargo at 42*s.* 6*d.* It is a case of compromise. I have to guarantee the tramp shipowner to-day a quantity, perhaps, 5,000 tons, at a rate, perhaps, £1 per ton, to load from one port. As a fact, I have to load at one, two, or three ports, and discharge at three or four ports; that is to-day the regular line of business. If I restrict my operations and say, I will charter this tramp shipowner from one port to one port, it is, perhaps, an Irishism, for on such conditions I should not charter him at all, because you could not load him from one port to one port; there is not the volume of business nor the amount of tonnage in the market that will enable a ship to be loaded from one port to one port. It might happen, if he were chartered on speculation, in that way that the chartered steamer would not command the high freights in the African trade, but that it would command the low freights for rough cargo, and the rate of freight paid to the tramp shipowner would be on a level which would be probably higher than the low rate on the rough cargo which is going.

16411. We have had evidence that in some important trades, the iron trade for instance, a rate of freight has been offered by a tramp steamer 50 per cent., about —I will not trust my memory to say it is exactly 50 per cent.—less than the rate of freight on a Conference steamer?—That would depend upon what description of cargo they were talking about, and the quantity. If you are talking in the iron trade of rails, I should say it was untrue.

16412. I think it was iron pipes from Glasgow, but the fact was mentioned that the tramp-steamer rate was something about 50 per cent. less?—I should say that was a mistake; it would not be 50 per cent. less. I can appreciate those figures at once. But I will assume it was appreciably less, if you like. I say at once that is a misleading statement, because I cannot conceive any tramp steamer being put on to load a full cargo of pipes; and there is no point in the man who wanted to ship 300 tons of pipes, for instance, saying that he could get it by a tramp steamer at 50 per cent. less, because he would have to fill his tramp steamer with something else.

16413. This was a case of very large tonnage, running into thousands of tons, and the effect of the higher freight charged by the Conference liner was that the order, which would have gone to Glasgow, I think, was lost, in consequence of the high freight?—I do not hesitate to challenge that, and to say that is exactly one of the class of statements which this conciliation board, if ever established, would have to look into and ascertain the actual grounds upon which the contract was lost. I am quite sure it was not lost on account of the freight.

16414. I notice a little further on in your statement, in speaking of any necessary and desirable changes in rates, or of any adjustment of classifications, you think those questions should be dealt with by the joint action of the Merchants' Committee and the Conference Lines?—We would be agreeable to have them so dealt with.

16415. When speaking of the Merchants' Committee, was it the South African Merchants' Committee that you had in mind?—I had in mind also the Australian Merchants' Committee. I am not interested in the Australian Merchants' Committee from this side, but I am aware that they do perform some very excellent functions in that way.

16416. (*Chairman.*) You mean a good representative committee?—Yes.

16417. (*Mr. Barry.*) A good representative committee, but not necessarily the South African Merchants' Committee?—No, not necessarily that.

16418. (*Mr. Maddison.*) I did not quite understand what you meant when you said, as I gathered, that you were willing that the shipper mentioned by the Commissioner who has just spoken, who, having had a 20*s.* rate, suddenly finds it up without notice to 25*s.*, should have legal protection?—I said I would have no objection to legal protection, or to a conciliation board preventing such a shipper losing his rebates, in the event of such unreasonable action being perpetrated by Conference steam shipowners.

16419. The unreasonableness being, I suppose, jumping 5*s.*?—I would not say that, because that is a question of degree. According to the circumstances, 5*s.* in one case might be reasonable, and 5*d.* in another might be unreasonable.

16420. By "legal protection" had you anything more in your mind than this proposal of yours for a conciliation board—that is my point?—No. I have no appreciation at all what legal protection might mean under it. I do not think legal protection would give any more than any reasonably-minded shipowner would give without legal protection. That is why I have no objection to legal protection.

16421. What is the primary object of a Shipping Conference?—To prevent the needless overlapping of services, such as two people putting a steamer on on the same day to the same ports at the same rates.

16422. Then the question of keeping freights up is not a very important factor?—Not at all. to the shipowner. The prevention of their being run down is an important factor.

16423. What is the operating method by which a rate of freight under the Conference is lowered?—My firm has submitted to the Commission a letter in which they have given, I think it is, 200 odd instances of the lowering of the rates in the South African trade within recent years. The procedure which has brought that about is simply that a shipper has appealed to one or other of the lines and represented that certain goods could find a market in South Africa if the rate were lowered by some figure; the shipowners have met and considered whether a reasonable case had been made out, and possibly with a view of encouraging that trade—it may be small at first, but with a view of encouraging it—they have decided to make a reduction.

16424. I can quite understand, as the Chairman put it, that no sane shipowner would raise rates in order to kill a trade altogether; I think that is your ground?—That is so.

16425. But there is just that other margin which in a free market would always be secured, I take it, by operative competition, but which does not exist in your Conference system, does it?—The free freight market applies both ways. There are times when the free freight market is above the parity of Conference rates. That is what appears to be lost sight of. The position of shipowners working in a Conference is simply this, that they have arrived at a compromise, as it were, of a given rate which will take the chances of higher rates in the open market at one time, and of lower rates in the open market at another time.

16426. Are rates often altered in the Conference?—The rates on individual items are often reduced, as you have seen from the letter, with particulars, which we furnished to you. I think we give you instances of some 200 odd cases.

16427. With reference to this conciliation board, in your view it should be voluntary, I suppose, or do you want any legal powers given to it?—No, we do not want that.

16428. But you would, as a compromise, be prepared to accept some legal authority being given to the awards, would you not?—That would depend upon the nature of the authority, of course. Within certain limits, as I say, I should have no objection to legal authority being attached to it.

16429. With respect to shipping from ports other than Conference ports—which is not altogether a hypothetical thing, is it?—I should say in practice, yes. But you can always get an individual case to prove anything, and I can establish it from any port in the United Kingdom.

16430. Is Manchester a Conference port?—Manchester is not a Conference port.

16431. Would there not often be a desire if shippers were free to ship from Manchester instead of from Liverpool?—I can scarcely speak of Manchester, because I am not interested in that side of the land at all. I do not think there would be a sufficiency of trade from Manchester to maintain a service from there to South Africa.

16432. There might not be, and yet there might still be a number of shippers to whom it would be a distinct convenience to ship from Manchester?—As in

the case of the shipper that I instanced just now, there are always those men who get an opportunity of coming in and cutting under their competitors and others in the same trade.

16433. You paid a great tribute to him, I notice?—Yes, I appreciate him very much.

16434. You said he was a man who knew most of the trade?—He does.

16435. It is rather bad for that man to suffer, is it not?—Probably.

16436. You gave us an instance of a case at Cardiff where, through certain circumstances, it might be possible to get a freight of 10*s.* per ton, I think you said?—I used a figure; I meant a lower figure.

16437. You admitted that to that particular person it would be a saving, of course?—It would be an advantage.

16438. You said, it would destroy the South African market?—It would affect the South African market and destroy the trade for his competitors.

16439. Which side of the market are you looking at—the buyer or the seller?—The seller.

16440. The seller?—Undoubtedly.

16441. Do you ever look at the buyer?—Not very often; he can look after himself, you see.

16442. Do you think the buyer in the South African market is in an exceptionally good position?—Yes.

16443. As compared with the seller?—I think he is quite capable of looking after himself.

16444. At any rate, you never look after him in any way?—And never pretend to.

16445. Although I have heard your evidence about the Harvester machines, I do not quite appreciate it. Would you say, generally, that this Shipping Conference system is good for the consumer in South Africa?—Yes, I think so, over a period.

16446. How does it help him?—It helps him to get his goods in regularly for a fixed price, and it gives him that regularity which he would not have in the absence of a Conference system. It might happen that he would find a casual opportunity to get his goods in—at a very much enhanced price.

16447. Take the present time; would you say there would be any difficulty in the South African trade in getting ships?—None whatever, at the present time.

16448. I thought not. Would you say, on the average, there would be any difficulty in getting as many sailings as a man needs, and as often as he needs?—Yes; he could not get that.

16449. He could not get it every day, but for the average trader dealing with non-perishable goods, would there not be sufficient freight offered to him in a free market?—That is a very difficult question to answer. I do not think the consumer would, on the average, get that frequency of service which would serve his purpose, except under a Conference system. He might get two, three, or four opportunities in one week; and then he might have to go three or four weeks without getting another opportunity.

16450. You think there might be times when, for a whole month, there would be no ship offering?—That is quite possible.

16451. It is not very probable, I suppose?—It is not improbable, as the African trade has been lately.

16452. I suppose tramps have improved in their equipment, their tonnage, and all that?—I have nothing to say against the character and quality of outside shipowners.

16453. My point is, that the improvement has not been only in the Conference steamers, but that there has been great improvement in the tramp steamers in the last few years?—Undoubtedly, that is so. I would like to point out, however, that the question of insurance on the goods comes in there. The insurance on the goods on the best tramp afloat to-day would be materially higher than the insurance on the goods shipped in a regular liner, and on goods of high value that would make an appreciable difference.

16454. Sufficient to affect the price in any way?—Sufficient to affect the price to the buyer.

16455. In the course of your interesting remarks with respect to the prevention of the wastage by competition, you state you had in your mind what Mr. Lloyd George said about the system of railways in England?—That is so.

16456. How is it that the Conference has not tackled that?—I do not know, and I cannot give you an answer to that. Every individual shipowner chooses to decide for himself.

16457. Would you suggest that somebody else should come in and decide for them, collectively?—That would be making a Trust for us, which I should have no objection to.

16458. Should Parliament make a Trust for you?—If they choose. If they take us as they find us to-day, and say, "We are going to constitute you a Trust; "we are going to give you an absolute monopoly of "that trade, and we are not going to allow any oppo- "sition in the trade; but we are going to insist that "you shall send a sufficient number of steamers to "cater for that trade; but there shall be no wastage, "and in consequence of saving these large sums you "must give something up to the consumer"—I think that would be a very happy state of things for the shipowner.

16459. Would that be the general view of shipowners, do you know?—I should think it would be. It would give an assurance to the shipowner of a full cargo, and of the avoidance of this wastage which is the ruin of shipowners at present.

16460. It would be almost asking for the impossible?—I think it would be.

16461. I thought so. I understood you to say, that in the General Agreement of the Conference there was a provision as to the number of ships that should be put on a berth?—No. The question was, whether, generally, there was not, and I said in certain cases it was possible that a firm might come into the trade and be adopted within the Conference on the condition that that firm would only have a given number, or would not exceed a given number, of sailings.

16462. Then, to that extent, you are trying to prevent this wastage of which you speak?—Possibly.

16463. But you only do that as a form of penalty to the line coming in?—No; I could not apply the term "penalty" to him.

16464. Why should you make a difference in the case of a particular firm, when you have not made it amongst others?—A trade has grown up—if you will have it that way—between, if you like, half-a-dozen people, and another individual wishes to enter the trade; in order to come to a compromise—all these things are matters of compromise—we might say to that individual, "So long as you do not exceed one "steamer per month or one steamer per week" (or any other regulation) "we are disposed to make "arrangements with you, and we will not oppose your "loading."

16465. Supposing circumstances altered, and it seemed desirable that that particular firm should put another ship on——?—Do you mean that there would be an accession of trade, an increase of trade?

16466. Yes?—Then I take it that, as a matter of course, an increase of sailings would follow.

16467. That is to say, the Conference would permit it?—Yes, undoubtedly. I cannot conceive it possible to restrain a man against the increase of trade.

16468. That is what I was wanting to bring out?—I do not think it would be possible.

16469. As it stood without that further explanation, it did appear as though you simply said, "You have got so many ships, and you cannot have "any more"?—No; I think as the trade grows, the man will grow with the trade.

16470. And you know of no instances where an attempt has been made to put such an artificial restriction on?—No; not in my experience.

16471. (*Professor Gonner.*) Do we understand that it is not a general rule with a Conference, to your knowledge, that there should be, as it were, an organisation and mapping-out of the trade between the various shipowners?—To what extent?

16472. To the extent that a certain number of sailings are apportioned to one firm and a certain number to another?—No. Within my experience of the trades in which I am engaged, that is not the rule.

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16473. I had always, if I may say so, looked upon it as one of the justifications of the Conference system that there would be an organisation of trade; and I am rather astonished to hear that this is not so?—There is an organisation of trade, but not a restraint upon shipowners to prevent them putting in excess tonnage.

16474. But there is some form of organisation?—The organisation is purely one that all shipowners in the Conference will work together at agreed rates of freight.

16475. I quite see the agreed rates of freight, but is there no further organisation?—No. I have within my knowledge no such organisation as you mean, if I gather your question aright, which would put restraint upon the individual shipowner.

16476. That is my point; because I understand that the merit you claim for a Conference is that it might restrain excessive wastage?—No, I did not say that.

16477. Then I misunderstood you?—I said that something might be done if in some way excessive wastage could be averted. I do not claim that as a merit of a Conference. I have known of all these Conferences existing, but I have never seen them attain that yet.

16478. Do you not think that they do something in that direction—that they stop unnecessary duplication of competition; I am sure you think they do?—Duplication, yes; but not the number of sailings. They prevent, probably, two steamers going to-day to the same ports from the same point.

16479. They would regulate that?—That is a matter of regulation.

16480. But they do not regulate the number of sailings?—Not the number of sailings.

16481. Those are the Conferences that you know of personally?—Yes.

16482. Might I say that is one of the reasons why one would like to have seen agreements, because one is very anxious to see how far the system of organisation has been carried to the possible advantage of the trade?—I think it might be very desirable for you to see the agreements in other trades and establish that point.

16483. We have had the advantage of that to some extent, and it struck me that the South African shipowners do not achieve much economy?—I make the definite statement here that there is no limitation of sailings in the South African trade.

16484. No maximum?—I do not say that in regard to all cases, but there is not generally.

16485. It may be with regard to certain particular lines?—Yes.

16486. I understand Messrs. Houston are not taking advantage of their position?—I believe that is the case.

16487. Who is bound to supply the tonnage. Supposing there was a shortage of tonnage complained of, are not all the Conference members equally bound?—No. I think there is no obligation on the part of anybody to supply any tonnage.

16488. There is an understanding, of course, in the agreement that there shall be adequate tonnage?—Yes.

16489. And if a complaint was made that it was not adequate—of course that is not the case here——?—That is so.

16490. Who would have to bear the brunt of that?—I do not know.

16491. That has not arisen, of course?—It could not arise.

16492. Some of you would put on ships?—Undoubtedly.

16493. Are you a party to the homeward Conference from South Africa?—Yes.

16494. Do most of your vessels come home direct?—No; only a few come home direct. The bulk of our steamers that go out to Africa proceed in other directions to find homeward cargo.

16495. Could you give us an illustration of that?—During the wool season from Australia we engage regularly in that trade, and send a number of steamers down there from Africa. Then we have a trade from Calcutta and India to the States, and a certain number of our ships are drafted up to that trade. With others we have to do tramping; we charter and take whatever we can get, say, from the rice ports, or general Indian cargoes—anything in fact that offers.

16496. Then you transfer steamers pretty freely from one trade to another?—We do.

16497. Do you find any obstacle to their entering into these other trades? Do you find sometimes, when you want to run a steamer, that you are up against a rebate system?—No, we never find that, because we do not run in those trades against a rebate system. In trades where there is an enormous volume of business done, like the Indian trade in grain, and like the rice trade and the coal trade, there is no rebate system and no Conference system. Those trades are open to all comers.

16498. Do you not think it would be desirable that the rebate system should be extended to such trades?—It is not a question so much of desirability, I think it is impracticable. Wherever you can deal with cargo by means of full cargoes, I think a rebate system is impracticable there.

16499. (*Chairman.*) Why is that? Do you mind telling me?—Certainly not. The reason is because every shipper can deal for himself. There is nothing that can more clearly illustrate it than the coal trade. You cannot possibly conceive of a rebate system in the coal trade, where the individual shipper handles full cargoes and charters it at whatever price he can get a steamer for; sometimes he will pay 10*s*., and the next week he may have to pay 12*s*., and the week after that he may pay 8*s*.—the rates fluctuate wildly in such a trade. The same applies to the grain trade.

16500. (*Professor Gonner.*) Then, where the trade is open to chartering, you think that the rebate system does not apply?—Where the trade is open to chartering and in full cargoes, that is, where the bulk is dealt with in large volume, the rebate system cannot apply.

16501. Does it apply from Australia in the homeward trade with wool?—No.

16502. Frozen meat is under a contract system, is it not?—That is under a contract, I believe; but I am not interested in the frozen meat business.

16503. Is the wool trade, which comes in full cargoes, under a rebate system?—It is not under a deferred rebate system. There may be a casual system of the sort.

16504. Of course, that is nothing?—I appreciate that.

16505. Have you been interested in the Straits trade or the Ceylon trade?—Yes; I am interested in the Ceylon trade—not to this country but to the United States.

16506. Is there a rebate in that trade?—We have a rebate in that trade.

16507. You have a rebate, have you not, in the Calcutta trade?—We have a rebate system in the Calcutta trade.

16508. There you run, do you not, in conjunction with the Hansa Co.?—We do.

16509. Practically, you run together?—We run together, but we divide the trade.

16510. That is done by special agreement, I take it?—By special agreement.

16511. You are practically run as one line for that particular purpose?—No—two lines.

16512. But your sailings are all arranged, I suppose?—We, again, arrange to avoid duplication; and if we know that three steamers are wanted in the course of a month to serve the shippers, we endeavour to so arrange it that we do not send the three steamers on the same day, but we send one on the 10th, another on the 20th, and another on the 30th.

16513. Is that a case where you pool the trade?—No. We have a certain arrangement for dealing with freight, but it is scarcely of a character to be classed as a pooling system. Still it involves some arrangements.

16514. It is rather a special arrangement, is it not?—Quite so.

16515. And it is quite different from your South African arrangement?—It is quite different from that. Here we have only one company to deal with other than ourselves.

16516. When you entered into the South African trade—if you do not mind answering this—was your entry opposed at all? I know there was not a fight; but was there opposition?—Yes, there was great opposition to our coming into the trade.

16517. It was not welcomed by the existing lines?—I gathered at the time that it was not.

16518. Then, that is an instance where they were opposing, what I am quite sure, has been of great advantage to South African trade?—Yes. It was a blessing in disguise to them, I have no doubt.

16519. Does that not show that there was what the Chairman and I should call a tendency to a monopoly?—No; I would rather take it that it was the exception that proves the rule.

16520. You see, it was not a question of protecting the trade against a casual sailing; you did not mean to be casual in the trade—you meant to be permanent?—That is so; we meant to be permanent.

16521. And you have been permanent?—Quite so.

16522. So the opposition went to the extent that they endeavoured to exclude a very permanent factor in the prosperity of South Africa?—The conditions under which they expected we were going in were, probably, more serious than the conditions under which we went in.

16523. They thought you would do more against them than you did, I suppose?—Probably.

16524. Was that the occasion on which they increased the rebate from 5 per cent. to 10 per cent.?—Yes; they did that prior to our entering the trade.

16525. That was an attempt to keep you out, rather?—I thought it was.

16526. At any rate, it was prior to your entry?—Yes, it was prior.

16527. (*Chairman.*) What year was that in?—1892.

16528. (*Professor Gonner.*) Might I ask you one or two questions with regard to your trade in the Persian Gulf that you have mentioned? Do you carry that on under a contract system?—Yes, I should call it a contract system. The leading shippers in the trade make contracts with us.

16529. On a uniform form?—Yes, it is a uniform form.

16530. Should you have any objection to the Commission having that form? We have been unable to get many instances of contract forms?—I object to any general disclosure of any details of the business.

16531. Would you mind our seeing it as a confidential document? Your position is this, I take it—and I am putting it to you as what I understand to be your position—that somehow or other trade has to be regulated?—That is so.

16532. It may be regulated by contract?—Yes.

16533. Or it may be regulated by what you consider a more elastic system, namely, that of the deferred rebate?—Yes.

16534. Is it not rather difficult for this Commission to determine which alternative is the better, if it is precluded from seeing the contract? We have knowledge of what the deferred rebate system is. My opinion is, that the contract system must be an involved one and rather difficult?—The contract system?

16535. Yes; I should have thought so?—No. It is exceedingly simple.

16536. Would you have any objection to our seeing the form? We see the rebate circulars, you know?—Do you mean a form in blank?

(*Chairman.*) Yes; without mentioning the rates of freight.

16537. (*Professor Gonner.*) I suppose a contract always does state the rate of freight?—It does state the rate of freight.

(*Chairman.*) We do not want to know the rates of freight: we only want to know what is the form.

(*Professor Gonner.*) I should like to see the various clauses in the contract.

16538. (*Chairman.*) Without mentioning the rates of freight or the names of the merchants?—I should prefer to consider the position.

16539. (*Professor Gonner.*) You say some of the conditions of the general agreement would not necessarily be helpful to our inquiry?—Yes.

16540. But this, as you can see, is obviously helpful, because we are bound to consider the alternatives to a system of deferred rebate, and one alternative undoubtedly in practice is the formation of constant contracts?—That is so; but I think you cannot fail to appreciate that—even without the agreements. My objection is one simply of principle.

16541. Might not we ask you, as in so many other cases, to put practice before principle?—I could if I were speaking for myself only, but in all these cases where we work in conjunction with other parties, it is quite an open question as to how far it might be approved by others, equally concerned to speak, if there were any disclosure. Some people have a very strong objection to it—without reason, I will even go so far as to say.

16542. (*Chairman.*) We do not want any names mentioned?—I appreciate that.

16543. (*Professor Gonner.*) Are you working the Persian Gulf in conjunction with other lines?—We are.

16544. Are there many other lines?—Two besides ourselves.

16545. The merchants would not object, I take it, because this is a form which I gather is open to all shippers?—I do not know, but I should rather think that the merchants would object.

16546. I thought it was open to all shippers?—Their names are on it.

16547. I do not want their names, but I thought the form was open to all the world?—It is; we should take any shipper.

16548. Anyone who has got business there can take advantage of it?—Yes. We should not object to his having the contract.

16549. (*Chairman.*) I dare say you will supply us with blank forms?—I shall be very glad to take the matter into consideration and to discuss it with my colleagues.

16550. (*Professor Gonner.*) If you could let us have that, it would be very advantageous. This is a point that I want to know, which perhaps you would not mind telling us: A merchant, I conclude, in signing that contract, agrees to give you his cargo?—Yes.

16551. All his shipments?—Yes.

16552. All his shipments to all parts of the Gulf, I suppose?—To all ports of the Gulf.

16553. That of course must, under a contract system, be at a fixed rate?—Yes.

16554. If he does not give it to you, supposing he departed from his agreement, you would then make him, I assume, pay some additional rate, or compensate you in some form or other, for not letting you do what you have undertaken to do, namely, to carry his goods?—I do not know what we should do. The man would have made a breach of contract, and, presumably, we should have certain legal rights against him. Whether we should exercise them is a matter of expediency.

16555. But you probably put certain clauses in the agreement?—Not of an expressed penal character.

16556. I will not say of a penal character, but you must have clauses which regulate what you can do, surely?—I think not.

16557. Not?—I should say not. I think it is simply a contract that he undertakes to do certain things, and we undertake also to do certain things. I think if either breaks away from it, the other would have a natural remedy at law for whatever the damages might be.

16558. I do not know what is the Chairman's view, which of course we should defer to, but I should have thought it would have to be stated that you were en-

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titled to claim damages?—We presume so also, but I do not think that would be by reason of its being expressed in the agreement.

16559. I did not say what damages, of course; I did not suggest that. Do you know whether in the Persian Gulf you give a shipper under such a contract any protection, as they call it?—Yes. In that trade there would be protection in the event of opposition rates coming in.

16560. You would give protection?—We should give protection.

16561. Do you know whether that is commonly done when there are contracts?—I should say it would be commonly done.

16562. Under contracts?—That, again, depends. Under contracts we can do so with a system of that sort where a man undertakes to give you his entire support for a year.

16563. This is for four or five years, or six or seven years, or something like that, is it not?—For a period there is no doubt you would have to give that, and that would be commonly done. You would have to undertake to do something to meet opposition if an opposition came into the trade. But if you make a special contract for a given quantity at a specified rate of freight, there the matter begins and ends; you have no conditions hanging round that.

16564. (*Lord Inverclyde.*) A contract never runs for seven years, does it?—No, not for seven years.

16565. (*Professor Gonner.*) Would it for three or four or five years?—Some of them are for four years, I believe.

16566. (*Lord Inverclyde.*) One year is the usual thing, is it not?—As a rule one year, I think. In the Persian Gulf and in the Manchester trade, generally, it is rather more than one year.

16567. (*Professor Gonner.*) The homeward tea contract is for more than one year?—That is for a period of years.

16568. (*Lord Inverclyde.*) But that is for an exceptional trade?—These things are quite exceptional.

16569. (*Professor Gonner.*) From your experience, do you think the contract system works as well as the rebate system; could it be applied to large trades?—No, I do not think it could be applied to a large trade and work as well.

16570. Do you think it is more suited for small and special trades?—Yes, I do. If applied to the African trade, or any other large trade, there is no doubt that it would, I think, annihilate the small people; I do not think they could exist in the trade. It can only be applied in the smaller trades where you know everyone in the trade and the extent of their business.

16571. Do you think it would be practicable in many large trades, such as your South African trade?—I think it would be too unwieldy—that is my objection; and the trouble would be too great. You have many hundreds of shippers, if not thousands, I suppose, in the African trade, and it would be impossible to have a series of contracts with all those people.

16572. So that if you are asked your opinion, as I ask you, you would say, that if it is necessary to have some form of registration, the existing form of a rebate system offers less disadvantages and greater advantages than any other form of which you have cognisance?—Exactly; that is my view entirely.

16573. I think you would agree with me that whilst you say its object is not the exaction of an undue rate, it may offer opportunities for that under certain circumstances; do you think that?—I am bound to say, theoretically, yes.

16574. You do not think in any case—I am not speaking of your own practice—knowing, as you do, all the various trades under that system, that such opportunities have been taken advantage of?—Not within my knowledge. I could conceive that casual opportunities might have been, but it was not for long.

16575. You mean, outside shipping would come in?—It would step in. Immediately there was any grave disaffection or dissatisfaction in the trade, you would get other shipowners coming and allying themselves with that disaffected portion of the trade, and they would force their way in.

16576. How does that coincide with the fact that we have had in one or two cases, not merely isolated instances, but a not inconsiderable body of statements of dissatisfaction, and yet the rebate system has seemed to prevent the intrusion of other shipping?—The volume of dissatisfaction, I suppose, would not be sufficient to induce other shipowners to come on.

16577. But still, there has been dissatisfaction which is not purely in sporadic instances, such as, of course, will always obtain, but we have had a good number?—You must bear in mind that a great deal of this dissatisfaction is personal, and is concerned with the individual. There may be reasons why he should be dissatisfied—it may be because he is an unreasonable individual.

16578. He may be reasonable or unreasonable?—Quite; but I think you should analyse the causes of dissatisfaction very thoroughly before accepting it as proved to be reasonable.

16579. I was merely taking your position that, provided there was a good deal of dissatisfaction, it would be easy to obtain your remedy from outside shipping. I cannot say that I have been satisfied by the evidence which has been given that that remedy does present itself easily. I am not dealing with the reasonableness of the dissatisfaction for the moment?—I recognise that. I can only surmise that the volume of dissatisfaction must be of a very small character.

16580. Might we take one instance. You, I know, object to hypothetical cases of people shipping from ports where they might only have an occasional shipment; but in one or two trades there has been a considerable amount of dissatisfaction with regard to homeward shippings to non-Conference ports—I can give you the trades if you like?—It would be better if I had them.

16581. In the trades in West Africa there is obviously a good deal of complaint that the shippers homewards are not allowed to take any advantage of the opportunity of sending fairly large quantities of goods to non-Conference ports direct, but they must send them by transhipment?—I have no knowledge of those trades, and I prefer not to speak of them without personal knowledge.

16582. But that would seem to you one of the difficulties incident to the Conference system, would it not, if you select ports, that you may by excluding certain other ports create a certain disadvantage?—I cannot conceive that it is a practical difficulty. That is my point, and I get back on that at once.

16583. It was raised, and it was quite fully set out in the inquiry into the Straits Conference, where it was obviously not complained of on general grounds but on purely practical grounds. But you cannot offer us any solution of how that difficulty should be met?—As I am not in the trade, I could not, unless I were to offer to go into the trade.

16584. Might I ask on the Persian Gulf trade one question that I forgot to put: Is there any foreign competition threatened?—Yes; we have a German competition by the Hamburg-Amerika Line there.

16585. Are they sailing regularly?—More or less; they call it regularly. But in the case of sailings from the Gulf, necessarily the regularity is qualified by the fact of its being tidal. They have to sail according to the tides there; you cannot sail on a fixed day, but you must sail according to the tides.

16586. Are they under-cutting in rates?—They are under-cutting in rates; they are doing a great deal in that way.

16587. Are they trading from Germany to the Gulf?—Yes.

16588. Are they trading also in the American trade from the Gulf to the United States?—There is no trade from the Gulf to the United States.

16589. Not by transhipment, or some such way?—No. Of course there are certain shipments of Gulf produce which will find a way to the States, but there is no trade.

16590. That is, no regular trade?—No. When the date season comes on, a certain quantity of dates find their way to the United States, but there is no regular trade.

16591 Your general position, as I suggested at the

beginning, is this, that you think this system really leads to a cheaper rate in the end?—What system?

16592. The system of deferred rebates, the Conference system, leads to cheaper rates than would exist if there was a free freight market?—No.

16593. Not in the long run?—No, I would not say that.

16594. I understood you to say that it had advantages to the trade generally?—Yes, but not necessarily in rates only.

16595. But taking the rates, as compared with the carriage given, it means that they get better carriage for less money than they otherwise would?—No, it is not a question of that. Take the case of a high rate in the African trade, if you like—the 40*s.* rate dealing with goods of a special character. If there was a free market, there is no doubt that rate would not exist. But, on the other hand, the Conference have rates of 12*s.* 6*d.*, and so on; in a free market those 12*s.* 6*d.* rates would not exist. It is simply the case that in a free market there would probably be one rate which would apply for all descriptions of cargoes, whereas in a regulated trade under Conference regulations there is an effort to give cheaper rates, below the parity of cost in fact, on goods of certain descriptions, and a higher rate on goods of higher value which can afford to pay higher rates and in which the freight is not an element entering into the question of shipment or export.

16596. That is to say, that the rates are arranged more advantageously, I will put it like that, owing to the Conference system?—Undoubtedly. You would have no arrangement or classification in an open market.

16597. Have you not a classification in an open market—take the American trade, for instance?—You have a certain classification, but not the applied classification that exists in a regulated trade where the rebate system is in force, or where a Conference system works.

16598. Your view is that the Conference system, owing to that and I suppose to other circumstances, affords a total net advantage to the trade generally?—I think it is a mutual advantage to both shipowner and shipper.

16599. I was leaving out of sight the side of the shipowners, and I thought that your argument went to this—that you would have argued that, taking things in general and things in the long run, the rebate system enabled a better, and I could understand possibly a cheaper, service being given to the shipper?—I would not like to say cheaper.

16600. You would not like to say that?—No, not cheaper.

16601. But you think a better service?—Better, certainly.

16602. Then you might say that it was cheaper in the respect that it gave more for the money, whatever the money was?—In respect to the fact that the best is the cheapest.

16603. Do you think that it has been forced on very much by the growth in the size of the boats? Ships have increased very largely in their carrying capacity, as we know?—They have.

16604. That I suppose—I am asking you really—may have made it very much more difficult to sail on regular dates, because your risk of going empty is much greater, is it not?—Of course the size of the boat must have an influence on the number of sailings.

16605. Do you think that that has played a part in the rather rapid growth of the rebate system?—No, I do not see that it has played any part in that.

16606. You do not?—Not in any way.

16607. You do not think that the rebate system has encouraged the building of larger cargo-carriers?—Not in any way. It does not appear to me to have had any bearing upon it.

16608. You do not think that the growth of the system of larger boats, with larger tonnage, has made the rebate system more desirable or more imperative?—No, I cannot attach any importance to that at all, or see that one has a bearing upon the other. The growth in the size of steamers in the regular trades where the rebate system is in force I do not think is more marked than the growth in the size of steamers in the open market—tramp steamers, if you like.

16609. (*Mr. Owen Philipps.*) Has not the tendency of rebates been for the lines to put on better steamers?—I could not say that it directly has been that. There is the fact that the tendency among the lines has been to put on better steamers, but I had rather looked upon that as being——

16610. (*Professor Gonner.*) Part of the general progress?—Part of the general progress, and forced upon each other by the internal competition, and not as a direct result of the rebate system, or as having been induced by the rebate system.

16611. I thought it might be the result of the rebate system in either of those ways?—I do not say it is the result either way, and I never have been so impressed.

16612. But you have considered that point?—Not until this moment, I think.

16613. Not as to whether there is any particular connection?—No; I have not considered it until this moment.

16614. (*Chairman.*) When you speak of a better service, you mean, also, a better and more steady service, do you not?—With greater regularity, do you mean?

16615. Yes?—Yes, I mean that. Then, the class of boats has improved, and with that the cost of insurance has decreased, which is an advantage to the shippers who get a lower cost of insurance with the better class of steamer.

16616. And the sailings are more regular?—Yes.

16617. (*Mr. Owen Philipps.*) Is it not the case that, as a general rule, there are finer steamers running in the lines from England and from Germany, where there are rebates, than from America, where there are no rebates?—I would not like to make that broad statement, because there are some of the finest steamers in the world running from America to Europe, for instance, without rebates.

16618. Are they owned in America?—No; they are owned just as the German and English ships are owned. But if you take the long-voyage trades, I am bound to say that the class of steamers trading from this country is certainly greatly superior to the class of steamers trading on the long-voyage trades from America.

16619. (*Professor Gonner.*) You think the growth of the steamers and the development of the service is largely the result of what you call the internal competition within the Conferences?—Yes, I do; to a great extent I attribute it to that.

16620. Although that internal competition is, obviously entirely inoperative as far as rates are concerned?—Yes.

16621. But you think it secures a better and more regular service, and a more developed and speedier service?—Not exactly more regular, but speedier, certainly.

16622. More frequent, we might say?—Not necessarily, but speedier.

16623. Of course, you quite realised that when you met the argument, or, rather, the question, of one of the Commissioners as to the absence of competition, by the statement that there was competition within the Conference, he was referring to competition which might affect rates, and you were referring to competition which obviously could not?—I was referring to competition or rivalry to obtain cargo.

16624. Of course, we usually value competition in business (perhaps, wrongly) because it does affect the price of commodities?—Yes, but I am afraid you could not apply that quite to shipping conditions as you could to the buying and selling of produce.

16625. If I might return to one point, when competition of that character is excluded, do we not often say, sometimes eulogistically and sometimes disparagingly, that the people concerned have a monopoly?—You might say so.

16626. (*Mr. Taylor.*) On that point of the damages under contract, when a contract is broken, for instance, between the merchant and the shipowner, are

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there not cases in which damages are assessed although no mention of damages has been made beforehand?—Assessed by process of law?

16627. By process of law?—I should presume so.

16628. Take the case of a promise of marriage?—I have not had experience, myself, about that.

16629. As a rule, damages are not stated beforehand in that case?—No.

16630. You stated, in reply to Mr. Commissioner Barry, that you would have preferred to give a legal remedy to a shipper who was unreasonably raised in his rate?—I will put it the other way; I should have no objection to his having a legal remedy; not that I should prefer to give it to him, but I should have no objection to it.

16631. You do not mean that you would sanction any fresh legislation for that purpose, do you?—I would not express approval of it: it does not rest with me to sanction it, of course. If you ask my view, I see no purpose in it. I should call it quixotic and ill-conceived.

16632. I was just looking at the paragraph where you say that any serious suggestion to interfere with the freedom of contract in these relations is inconceivable; now you seem to have conceived it, notwithstanding?—No; I simply tolerate it. I do not think legislation would give them any greater concession than they will now get from the shipowners without legislation.

16633. Really what you mean is that you do not suggest that this Commission should recommend any fresh legislation to set up fresh penalties for breach of contract?—I have no objection to the Commission suggesting any legislation to deal with breaches of contract if the existing law does not deal with it. I think that is a very proper thing that should be done where breaches of contract arise. My point was that on the question of the relations between shippers and shipowners, I cannot conceive that this Commission will suggest any fresh legislation being necessary; but if it is conceded that there are breaches of contract, why I should have thought the present law would have been sufficient to deal with them.

16634. At any rate, you see nothing in the present system of rebates, as exercised by shipowners in regard to shippers, to justify this Commission in recommending any fresh legislation?—That is my contention entirely.

16635. Therefore anything you may have said as to having no objection to a legal remedy, and so on, does not conflict with that at all?—Not at all.

16636. Your general position is that in the Conference system, as it is exercised to-day, you see no reason why this Commission should suggest legislative interference at all?—Yes; I see good reason why it should not suggest legislative interference.

16637. And you object to it?—I have no objection to it, except on the broad principle that I think it is a mistake to have needless and unnecessary legislation.

16638. On the broad principle of objecting to whatever is unreasonable?—That is so.

16639. I think that is commonly assumed. You have had a long day, and I do not want to weary you, but may I just ask one question about this killing competition within your own Conference and experience. When you say that the Conference avoids the needless overlapping of services, how is that consistent with your other statement that any of the firms can put in as much tonnage as they please?—In the one case I was speaking generally of the functions of a Conference. It is presumed that one of their first arrangements would be to prevent an overlapping of services or a duplication of services; and you may apply it to an individual trade where the principle might be equally sound. In the African trade, for instance, although we have not a duplication of services, and I can scarcely call it an overlapping of services, still in consequence of the lines having provided a large amount of tonnage for use in this trade, now that the trade has fallen away, there is undoubtedly a greater amount of tonnage being used in the trade than there is real necessity for.

16640. But as a matter of fact to-day none of you who are in the Conference could suddenly say, "I am "going to increase my sailings," without protest, could you?—Yes, I could do so. I can sail a steamer every day in the week if I wish to do it.

16641. Without protest from your colleagues?—I should get the protest.

16642. But would you get the cargo?—I do not know that I should get any more cargo. It is open to merchants to ship in my steamers, or to ship in those of the other lines. I cannot control the cargo.

16643. Do I understand that this Conference does not regulate sailings at all? You come here as a tramp-shipowner as well as a liner, do you not?—Yes.

16644. And you control a great amount of tonnage. I can hardly suppose it, but suppose that you really lost balance for a moment and decided to put more tonnage into the African trade, in fact to put all your available tonnage into it, and to treble your sailings at once, do you say that that would not be a breach of your agreement with your colleagues in the Conference?—It would be a breach of an honourable understanding, undoubtedly; but I am not aware that it would be a breach of any agreement which exists.

16645. Would you still be in the Conference?—I should think I would; I see no reason why I should go outside.

16646. Would they continue to tolerate that at the same rates of freight?—I cannot tell you what they might do. You see it is such an impossible suggestion that I cannot carry it to a logical conclusion.

16647. It is not an impossible suggestion that one of the Lines that had been sending boats, say, twice a week to Natal or Cape Town, might suddenly say, "We are going to send four boats; it suits us so "to do; there is no cargo, but it is our humour to "do it"?—You cannot prevent any man running amuck, you know.

16648. Quite so, but would the other Lines sit down to it?—I do not know that we should. I think we should not take it quietly; we should try and find a remedy.

16649. And that remedy would probably mean the lowering of the rates?—I do not know really what it might be.

16650. I should be very much surprised if in some form or other between the Lines sailing to South Africa there is not an understanding or agreement that for all practical purposes a man shall not heedlessly increase his sailings without consultation with his colleagues?—I can assure you there is no such clause in our agreement.

16651. But you have an honourable understanding?—Obviously, as business men. Self-interest alone will regulate that better than any agreement; it does not want an agreement to regulate that. If we are sending steamers to-day which in the present state cannot fill, obviously we are not going to double that service out of sheer desire to run amuck; but I am not precluded by agreement, if I were disposed to do it.

16652. Suppose the trade increases—I suppose that is not impossible, and that some day it might increase—and suppose one of the Lines said, "I think, on the "ground of the superior merit of my steamers and of "my service, I am entitled to the whole of this in-"crease, and I am going to provide the necessary "steamers to do it," what then?—I think he might say so.

16653. But that also would be resented, would it not?—Yes, that would be resented, and, presumably, some action would take place.

16654. I presume it would be met in a business way?—We should have to deal with it in a business way. It would be an impossible position, and we should have to get over it in some way.

16655. Therefore, really, the Conference does in that way put things on a different footing to the open market for tramp steamers?—I do not quite follow your question there.

16656. In the bulk trades, where you have an open market for tramp tonnage, there is no such under-

standing at all?—There would be no understanding, because there is no community of interest.

16657. Community of interest really exists when it is once adjusted on an honourable understanding; but does that not mean that certain people are interested in that community of interest and others are outside it, in other words, community of interest is limited to those who share it?—Yes.

16658. Is that not a monopoly?—No, I cannot say that it is—at any rate, not where there are a number of people exercising it.

16659. Do you think a monopoly can only be a monopoly of one?—I do.

16660. It must always be one pair of hands and one brain?—Not necessarily, but it requires a complete unity, and there is no unity in this South African trade, if you are referring to that.

16661. Take the other trade that you are interested in, where you said there was only one other line to deal with?—To put it simply to you, in the South African trade, if it partook of the nature of a trust, if they had one individual to dominate that trade, who should order the steamers in that trade and tell them when to sail; and if they had but one basis of rates of freight for that trade, and but one pocket, one pool, to receive all the freights, and a distribution therefrom; that, I conceive, would be a monopoly in the shipping business.

16662. You have got that in a way now, have you not?—No, we have not; I wish we had.

16663. No, it is not put into one pocket, but you have a certain amount of cargo going to South Africa in a year, which is ascertainable, and you can know how much it is?—Not in advance.

16664. If we turn up the statistics for 1907, we can know how much there was?—I can tell you how much has gone, but, of course, not how much has to go.

16665. Then, the number of steamers who take it is also ascertainable?—Yes, the number of steamers which have taken it.

16666. That number could not have been increased at will by outside competition, at any rate, it was not?—It was not. It could have been increased if outside competition had wished to come on.

16667. But your rebate system prevents that?—It is calculated to prevent that, and it does to an extent do so, undoubtedly. It minimises the opportunities of outside interference.

16668. The total amount of freight paid on that cargo and received by the shipowners should really be put in the form of a lump sum?—No, not at all, otherwise I should say, probably, I did not get my share of it.

16669. I do not say it was a pool, but it really was a certain ascertainable sum in 1907, which was distributed and which did not vary because the rates of freight did not vary?—The rates of freight did not vary.

16670. Therefore, the rate of freight was in reality a sum fixed and ascertainable, and it was distributed amongst the shipowners in that Conference?—I think the term "distributed" in regard to freight is inapplicable. There was no distribution of freight on the ground of freight having been earned in general. A steamship owner puts a boat on, and if he gets 2,000 tons of cargo, and if the freight averages £1 a ton, he will receive £2,000; but if I put a ship on and I only carry 1,000 tons of cargo, I should only earn £1,000. There has been no distribution in any sense.

16671. You are here in a dual capacity, and you know what tramp competition is; it is killing, is it not?—Not always.

16672. Is the South African competition always killing?—No, not always.

16673. It is to-day?—To-day.

16674. Should any competition be killing where the rate of freight is fixed, and, therefore, cannot be affected, and where the sailings are regulated by an honourable understanding, and are, therefore, not affected? Where is the competition?—Did I use the term that there was a killing competition between ourselves?

16675. Yes, I took it down; you said there was killing competition?—In what?

16676. That is what I want to know, because I cannot see it. I should have thought there was a harmonious adjustment of what I take it from you is a most unprofitable trade?—I do not remember using the term "killing"; but there is an effective competition between the different lines within the Conference—that is, a competition to get the cargo from the shipper. *Mr. E. Lloyd.* 3 *Mar.* 1908.

16677. But if no more cargo can be got, what then?—It makes a great difference to me whether my neighbour gets the 500 tons of cargo which you have to ship, or whether I get it.

16678. You may get a cargo on the ground of the superior merit of the steamer, or of extra sailings, or what not?—Yes. I cannot tell you what does it. It is undefined; perhaps, it is on account of good looks.

16679. A good-looking man gets a turn! I do not want to detain you unduly, and I shall be very short. Speaking as a tramp shipowner and as a liner, which do you think is the trade in which you have lost less money?—I should want the question very much enlarged. You must tell me for what period of time and a variety of other things. I think it is unfortunate that we happen to turn all our profits or losses into one account, so it would need a deal of analysis.

16680. You really cannot give any idea?—No, I could not say. Whether you call it profits or losses it is immaterial.

16681. It seems to me from your statement, if I may say so, that in the South African trade you have certain very defined advantages as compared with the tramp trade. You say that if 10s. in harbour dues were put on at Cape Town, you would probably put them on to the shippers?—We should endeavour to do so; we should endeavour to recover it. Mind, it is taking very extreme figures. One cannot conceive anything of the kind, and it was done just for the purpose of illustration. If such harbour dues were put on, not simply at Cape Town, but anywhere, and they had a bearing upon the rates of freight, undoubtedly shipowners, whether they work in Conference or do not work in Conference, would endeavour to counteract that impost by an addition to the rates of freight in some form or another.

16682. (*Mr. Owen Philipps.*) Would not a tramp owner do very much the same thing?—He would do precisely the same thing, or he would leave the trade.

16683. (*Mr. Taylor.*) Now on that intervention of my friend Mr. Commissioner Owen Philipps, will you tell me how a tramp shipowner is going to recover. If you have an increase in the cost of coal, can you as a tramp shipowner recover it as readily from the charterer as you can from the shipper in South Africa?—Yes, and more readily. It is always within the competence of the tramp shipowner to do that, because before you commit yourself to the voyage, you reckon up the cost of the voyage and decide what rate of freight you are going to ask, and if the charterer does not give it to you you do not go. A regular liner has no such facility; our rates are fixed.

16684. Supposing a tramp shipowner tries to leave this country, do you suggest that he must always get a homeward freight before he leaves here?—I have not quite got your point there.

16685. Supposing a tramp steamer is in England in February, and she has got to load home four months ahead, can she always be fixed?—I would not like to say always. More or less it is a question of taking your chances. I see no difficulty in a tramp shipowner being fixed home four months ahead.

16686. Are there not cases where the charters will not operate at all?—Not quite. It is only a question of chances. I have never known a trade but what four months ahead you could get a charter—but you would have to take possibly a very low rate for it.

16687. Supposing you tried to fix up to-day four months ahead, could you do it?—Yes, we could fix four months ahead to-day.

16688. But not at the rate that you would like to have?—You would probably go out and prefer to take your chance.

16689. And then the cost of your bunkers would have to take its chance?—Quite so. You probably have got contracts fixed for your bunkers for the voyage.

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16690. But if they are at an increase of price over last year, you have got to face that, and take the chance of getting an enhanced freight home?—Yes; but that applies, you see, only to an individual steamer. It is scarcely a parallel case to that of a liner where you are sending out steamers every week or twice a week, as some people do, or once a fortnight. A tramp owner can avert that position. He has probably only got one steamer in any given position susceptible to some special cause of that kind; but with the regular liner, who is continuously in that trade, the operation will mean an increased cost of coal or increased harbour dues, and it tells continuously against him.

16691. Or against the shippers?—It depends how it is applied. If the shipowner carried the lot it would tell against the shipowner, but if he could transfer it to the shipper he is very much happier in doing so. But take the tramp shipowner; if increased harbour dues are put on at any given place, the tramp shipowner who is going there with one steamer possibly would say, "I do not go there "again." There is no parallel, I think, in your illustration.

16692. Then you really mean that additional burdens on shipping can be as easily moved on to the shippers or to the charterers in the case of tramp tonnage as they can in the case of liners?—Yes, I do. You may be caught once, but then with tramp tonnage you make your bargains and your calculations before you enter into the charter.

16693. Those bargains are affected by the appearance of more tramp tonnage?—Do you mean lower rates of freight?

16694. Yes?—Possibly.

16695. Your Conference does not admit of that?—Possibly.

16696. You have got your fixed rates of freight?—Yes, that is so.

16697. To that extent surely the Conference is better off?—No, I do not agree there. We simply look upon it as a compromise in rates. We go in good times and in bad times on a level of rates. The tramp shipowner will at times like to-day take a lower level of rates than the regular liner is getting in his trade, but on the swing of the pendulum he will get very much higher rates than the liner will get. That was the case a few years ago in the African trade; of course we have now come into bad times.

16698. Were you not chartering tramps in the African trade a few years ago?—We were.

16699. Why did you do it?—In order to keep up our sailings we had to do it. There was a growth of trade and an increase of trade, with a result that I could give you if it would be of interest. I should have no objection to lay before the Commission the number of steamers we made enormous losses on through chartering them, because the aggregate earnings at the tariff rates made considerably less money than the charter money paid to the tramp shipowners.

16700. Those were peculiarly lucky tramp shipowners; of course that was a mere accident?—No; it is the case to-day if you like. There was no accident about it. As a rule it is the case.

16701. That the tramp shipowner really makes more money by chartering to the liner than the liner makes?—Yes, he does, because the liner carries the voyage out with such results as he can get, but he has to guarantee the tramp shipowner a given rate of freight on a quantity which the liner may not get in the market. I could not charter a steamer to-day unless I guaranteed probably 5,000 tons at a given rate of freight; but if you put a steamer on to the South African trade you might only get 3,000 tons. You might say that would be at higher rates of freight; certainly some are higher, but some are lower, and the aggregate earnings would be less than the cost of the charter.

16702. I suppose you are one of those who would deprecate the deferred rebate system if it tended to eliminate the tramp?—I do not know why I should, and I do not think I should. I leave the tramp shipowner to look after himself.

16703. You are interested in both capacities?—I am ready to sacrifice myself in the one department for the benefit of the other.

16704. You stand to win on both legs?—Or to lose.

16705. (*Sir Alfred Bateman.*) I am afraid you are tired, but I shall not be very long. Have you read the evidence that we took in South Africa?—Yes; not very closely, I am afraid, but I have a general knowledge of it.

16706. There are only one or two things I should like to ask you about. One of the complaints that struck us was a demand for a classification to be published; what do you say to that? Do you think that could be done?—When you have a Merchants' Committee acting in sympathy with the Shipowners' Conference I think a classification could then be established and distributed or placed at the disposal of all shippers. But as things have been going during the past few years, with continual changes and no fixity of classification, it would have been a mistake for any shipowner to have issued a classification.

16707. But you think it would be a good thing to publish a classification?—I do, undoubtedly.

16708. As a security that a man is paying the proper rate, and so on?—Yes; but not for that reason. I have never known a case where a man has done otherwise than pay according to it.

16709. It would be a good thing, you admit?—Yes, I admit that. It facilitates business.

16710. Then in the Transvaal there was the point of the extra charges for heavy weights landed; do you not think something might be done to remedy that?—I do not see that it calls for any remedy. I ask: In what respect do they complain of the incidence of the heavy lift charges?

16711. They say you have appliances now for shipping and landing heavy weights which are much better appliances than you had years ago, and yet you charge very high freights indeed?—The question of charging higher freights is a comparative term. They have spoken of what they do not understand.

16712. They know what they pay?—Yes, but they do not know what it costs us, nor what are the risks we run in dealing with heavy lifts. As regards the better appliances on board our steamers, undoubtedly that is the trend of events—but it costs money. We did not put ourselves to that extra expense in order to save money to the shipper; we did it in the hope of saving money for ourselves. But that is hardly the whole of the case. The case of heavy lifts is not measured by the cost of putting them in and putting them out. I have seen heavy lifts where it necessarily meant the stoppage of all other work going on for the time being, because there have been heavy lifts going into two hatches, and the stevedores had all their labour concentrated on them. A ship may put in one day a few heavy lifts, 10-ton to 20-ton pieces, and in the aggregate might not do 50 tons in the day; but the ship could have put in a thousand tons in the day of ordinary cargo. So what is the use of telling us that it only costs 10*s.* per ton extra to put it in? We may have charged them £1 per ton on it, but it has cost us pounds per ton; and I think, unless these heavy lifts are shipped in large quantities, no matter what the freight may be that is paid on them, there will be a considerable loss on the heavy lifts when inconsiderable in number, that are being put in and out of the ship, owing to the interruption to other work, and the changing of the steamer's gear which is involved.

16713. We were told in evidence that your charges for heavy lifts in South Africa were higher than they were in other places?—In some things they may be, but in others they are not.

16714. If that is so, surely that is a reason for your reducing your charges?—Not entirely. We have to deal with very different circumstances in the South

African trade. For instance, if you go to Algoa Bay, where you have to discharge in the open and you are not alongside a quay and you are not in a dock, with a heavy lift on your slings and with the rolling that there is in Algoa Bay, you may wait some time before you get that heavy lift over. It is impossible, therefore, to fix any rate of freight which can be said to be profitable to the shipowner on heavy lifts under those conditions.

16715. That, I suppose, would be one of the questions that would have to be considered by the committee?—Yes, I think it would. I think if representations were made that the freight might be modified in one form or another, that would be an affair for the committee; but it is not one to meet with the condemnation which the people in Johannesburg expressed, without any knowledge of the circumstances which attend the carrying of heavy lifts. I could give you clearer cases. On one occasion one of our steamers was in a port, and the whole of the cranes for dealing with heavy lifts were out of order; we had the greatest trouble and we had to bring all sorts of appliances to bear in order to get those heavy lifts out.

16716. (*Lord Inverclyde.*) Because the cranes had broken down?—The cranes had broken down. If we had charged £100 a ton for those heavy lifts it would not have compensated us.

16717. (*Sir Alfred Bateman.*) But that was an exceptional instance?—We have to deal with exceptional instances. I can give you innumerable instances. I have seen the same thing practically occur in London and elsewhere.

16718. There was a question raised of a comparison with the United States rates, and a good deal of that, I think you said, was rather ancient history; is there not a competition in such things as ploughs, shovels, and so on?—I do not consider ploughs are competing.

16719. Surely ploughs are competing?—I do not know whether they come under the category of harvesting machinery Do they? I have never been clearly satisfied. I have invited information from manufacturers here to show me what is the bearing on the shipment of ploughs from America and from this country, but I have never had any clear information given me. They have all denounced the rate of freight—I am willing to say that, and I can quite understand it—but there is no logic in it, and no evidence is adduced.

16720. You were asked, I think by Mr. Sanderson, about the figures of the United States trade—that the United States trade had not increased very much on account of the cheaper freight?—That is so.

16721. Turning to the year 1903, which was a great year, I think, there was a freight war at that time, and there were very cheap rates from America. Was that not the time of the Prince competition?—Yes, I think it was then.

16722. If you turn to the accounts you will find that there were more than six million pounds of imports from the United States into South Africa in that year; surely that must have been encouraged by those low freights?—I think that would need a closer analysis. Suppose I were to suggest an answer to that—it might have been an increase of the kerosene trade.

16723. I have got the figures here?—I know the Board of Trade would have the figures, and I should be very glad to have them.

16724. Agricultural implements came in that year up to nearly half-a-million sterling, and a great deal of those came from the United States; no doubt they were encouraged by your cheaper freight?—I say, I could not admit that.

16725. You would not admit that?—No.

16726. But you do not know it was not so?—I do not know it was not so, but it has never been demonstrated to me that it was so.

*16727. You will admit that in the year 1903, when there were very cheap freights from the United States, there was an enormous import from the United States to South Africa?—I was under the impression that at the time of the cheaper freight the smaller were the shipments, although this remark seems rather an anomaly.

*16728. Here is a figure of six millions?—But it is hardly the thing. We do not deal with figures of value; we deal with volume. The value may vary considerably to the volume, according to the price of the articles in any given year. That is very misleading from the shipowner's point of view.

*16729. I will not trouble you with this if you have not gone into it?—I have not, except in a general way, and I am not aware that there was any increase in carrying during the time of low freights.

16730. The only other point about the South African evidence that I would like to ask you upon is in reference to the change which you made on the 1st July last. I have never quite understood why you made that reduction of rebate from 10 per cent. to 5 per cent., at the same time altering the charges to the different ports. Did Sir Donald Currie induce you to make it?—No, I would not like to say Sir Donald Currie induced me to make it. He is a very striking personality, but I think we were all of us disposed to think that it was a desirable change. Nothing seemed to be doing, but the dissatisfaction seemed to be growing at Natal, and it was felt that the Natal people had made out a good case. There was a desire to give them some little concession in freight, which had been expressed over and over again at the previous Colonial Conference here.

16731. So you did it entirely to oblige Natal and to disoblige the others?—Not to disoblige anyone. We thought it had been generally conceded that Natal required some slight concession, and, I may say, the concession was such that I was surprised that there was such a disturbance about it.

16732. You were surprised to find what we found when we got out there—that there was such a strong feeling against it in the Cape and the other Colonies?—Yes. But that would apply equally strongly if the alteration which had been made had been 3*d.* per ton instead of 2*s.* 6*d.* The measure of the alteration mattered not; you had done it, and that was sufficient for you to be condemned.

16733. You increased the rates to other ports—I do not mean by the 2*s.* 6*d.*, but I mean by taking 5 per cent. off the rebate and not deducting the 5 per cent off the freight?—It has no bearing on freights—not the slightest.

16734. But surely that is what they say?—I know it is what they say; but it is not so, all the same.

(*Professor Gonner.*) Surely you will admit that it costs them more?

(*Chairman.*) It must.

16735. (*Professor Gonner.*) I do not care what the name is, whether it is freight or not, but they had to pay more, and it became more expensive to send things there than it had been before?—I quite appreciate your point; but if you are speaking generally, as covering the whole of the consumers there, or the buyers, I should be obliged to say that it does not practically establish that fact. In individual cases it did; but there are cases where that rebate does not find its way back to the consumer.

16736. But it must cost someone more; I do not mind whether it is the consumer or the shipper?—It is too remote with me to have any practical bearing on the rates of freights.

16737. (*Sir Alfred Bateman.*) We did not find it remote in South Africa?—I am sure you did not. I quite sympathised with you there.

16738. It was very near to us?—I had been there before you.

* The witness subsequently wrote to say that he had referred to statistics and records and found (a) that 1903 was a bumper year as regards imports into South Africa, and this condition was not peculiar to the American trade, but was shared by other exporting countries, consequently the increase in American exports that year cannot be attributed to the bearing of the rates of freight; (b) that the lower rates of freight arising from the opposition in the steamship service from United States continued until June, 1905; (c) that in 1904 the exports from America to South Africa dropped about 50 per cent., and in 1905 there was a still further decline notwithstanding the continuance of the lower rates of freight; (d) the number of steamer sailings from New York to South Africa also show a reduction of 30 per cent. from June, 1903, to June, 1904, and a further increased reduction from June, 1904 to June, 1905.—J A.W.

Mr. E. Lloyd.

3 *Mar.* 1908.

16739. You did not consult the Merchants' Committee about that change which you made on July 1st, as the Chairman reminds me?—They refused to meet us, and we were forced to act without them.

16740. I think Sir Donald Currie told us that there was some meeting in Pretoria ; I think he referred to a meeting of merchants in Pretoria?—I have not got the point.

16741. We did not hear about that meeting in Pretoria?—I am not aware of one, but I am reminded that there was a resolution of the Chamber of Commerce of Pretoria. They asked for a reduction of the rebate, I suppose.

16742. I think I had the pleasure of seeing you at the London Conference of 1905?—Yes.

16743. What was proposed by the Governments there fell through, chiefly, on the question of rates ; they wanted much larger reductions than you could give? —The Governments did?

16744. The different Governments of the South African States wanted much larger reductions than you were prepared to give?—I thought it was narrowed down so that there was not much between us. Then it was difficult, was it not, to reconcile the Natal demands with the Cape demands?

16745. That was started also?—But I do not think there was much difference between us.

16746. There was a good deal of difference, surely?—No, I think not.

16747. On the question of rates, did you think the Governments' proposition would have been a practicable one, that is, that the Governments had made this contract with you?—Which contract?

16748. At the London Conference a contract with you was proposed to the effect that the Governments were not to pay any more nor any less than the merchants were to pay in freight?—That would have been satisfactory enough to us, but they failed on the vital point. They could only contract for themselves, and they could not contract for the other shippers. We said to them, "By what power are you going to "control other people?" and we never got an answer, and have not got it to this day.

16749. But that was not the reason why the arrangement fell through, was it?—I should say so. I think, from the shipowners' point of view, we were quite prepared to assent, and would have had no objection at all. The Governments asked us, "Would we enter "into a certain contract by which we were to be pre-"cluded from making preferential contracts with other "firms or municipalities." We responded to that by intimating that we should have no objection to it in principle, but "we cannot see how you are going to "control those other people who wish to act in-"dependently, and if you cannot control them, what "is our position?" That was a sort of conundrum which has not been answered to this time.

16750. I do not think you brought that out at the Conference?—I think it was the intention of the shipowners to do so. At any rate, it was the difficulty.

16751. You wanted three or four per cent., and the African Committee wanted a good deal more?—That was another thing. That was arguing on figures. What broke the whole suggestion up was, I feel sure, if you will allow me to say so, that the Government could not see any practical means by which they could control the ordinary shipper.

16752. That brings me to this question of the Committee which you think it might be possible to establish?—I think it would be a very good scheme to resuscitate the old Merchants' Committee, with certain improvements.

16753. Has it occurred to you that you might go rather on the principle of the committees which meet between masters and men in various trades, in which there is a limitation to the effect that the men may not ask for an advance of more than so much over a certain standard, and the masters may not ask for a decrease below a certain standard?—No, I have not considered it in that bearing at all. I do not know that the committees would be sufficiently synonymous or parallel to adopt that method.

16754. You have objections to applications for reductions being brought before this committee, as your profits would be all taken away if there were a reduction upon the present rates. I thought, perhaps, it might meet your views if in the constitution of such a body it was agreed that there should not be a reduction of more than, say, 10 per cent. or 20 per cent., or whatever it was?—My objection to all that is, that I think it is impracticable unless you can at the same time attach to it a control or monopoly of the ocean route, that is, you can keep off outside competition. If you can do that, then lots of things are possible ; but I have never viewed that as being a practical suggestion.

16755. Still, you think that within certain limits this committee could save you a good deal of trouble and friction?—I do. I think, generally, it would be very helpful in the trade.

16756. About these foreign Lines which you mention ; what other British Lines are there in the Persian Gulf trade besides you?—There is the Line called the Anglo-Arabian Steamship Co., Messrs. Strick & Co., and there is the West Hartlepool Steam Navigation Co.

16757. So there are three Lines?—Yes.

16758. And two German ones, is it?—One German one—the Hamburg-Amerika Line.

16759. They are all separate, are they?—The three Lines are all separate, but we work together so far as rates of freight are concerned.

16760. Have the other two British Lines contracts?—Yes.

16761. In the same way as yourselves?—Yes.

16762. (*Professor Gonner.*) You do not work under any compact with the German Line, do you?—Not at all.

16763. (*Mr. Taylor.*) They sail from Marseilles, do they not?—The Germans start from Hamburg and Antwerp. We take the Marseilles trade, not the Germans ; we have the control of the Marseilles trade.

TWENTY-SEVENTH DAY.

Tuesday, March 10th, 1908.

PRESENT:

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

Lord INVERCLYDE.
The Hon. C. N. LAWRENCE.
Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. OWEN PHILIPPS, M.P.

Mr. J. A. WEBSTER, *Secretary.*

Mr. RICHARD DURNING HOLT, M.P., called and examined.

Mr. R. D. Holt.

10 *Mar.* 1908.

16764. (*Chairman.*) You are a partner in the firm of Alfred Holt & Co., Ltd., are you not?—Yes.

16765. You have prepared for us a short statement of your evidence?—Yes.

(*The witness handed in the following statement.*)

Richard Durning Holt, partner in the firm of Alfred Holt & Co., of Liverpool, will speak as representative of (1) the Outward Conference to the Straits, China, and Japan, (2) of the Homeward Conference from China and Japan, and (3) of the Homeward Conference from the Straits.

He is also prepared to speak as to the other trades in which Alfred Holt & Co. are engaged—but not as a representative of any Conference.

The Conference was originally formed in 1879, the outward and homeward trades being included in one arrangement.

The original arrangement was broken up, and then renewed, and at present the trade is dealt with by the three separate Conferences named above.

Very few documents have been preserved with regard to the original arrangements, and almost all of the persons principally concerned in them are dead, so it is not possible to give any very detailed information about them.

The following particulars are, however, submitted:—

1. *Outward.*—Present agreement is dated 10th July, 1894, and is for working the following portions of the China and Japan and Straits trade, viz.:—Yarn and all fabrics of wool, cotton, silk, or mixtures thereof manufactured and packed in Lancashire and Yorkshire, and is known by the short title of the "Lancashire and Yorkshire goods pool."

Simultaneously with the formation of the first agreement of 1879, a rebate circular was issued as per copy attached. It will be seen that this differs materially from the circulars at present in existence. Returns were payable on shipments both out and home aggregating not less than 50 tons separately, and it was expressly stated that if firms when acting as agents were compelled by their principals to ship by other lines goods in which they themselves had no interest, they would not thereby be excluded from participation in the returns in question. The returns were according to a fixed scale, and were not on a percentage basis, as at present. This scale was, *outwards*, three shillings per ton on weight or measurement, and, *homewards*, five shillings per ton on tea, or any cargo except silk paying not less than the equivalent of the tea rate of freight. On goods shipped at a lower freight, three shillings per ton was returned. The payments were made at the end of each half-year on freights contributed during the previous half-year. In this way 6/12 months' returns were always in hand—now, under the ten per cent. arrangement, five per cent. is in hand for 6/12 months, but this is only returnable to shippers on a declaration by the latter of 12/18 months' loyalty to the Conference. Firms applying for returns or rebates, had, and have, to sign the usual form as to not having been interested in shipments by outsiders.

2. *Homewards.*—The last agreement bears date the 24th February, 1898, and has been operative since that time, with slight revisions to suit the requirements of a changing trade. The pool itself is an internal arrangement between the lines, and does not concern shippers. The 1898 agreement deals *only* with the homeward trade.

Attached is a statement showing the China and Japan homeward rates per scale ton from 1874 to 1879 (the Conference having been established in the latter year) also those now current on the same articles. A full ten years' memo. cannot be given, the members of the Conference having no records earlier than the year first named. (*Appendix* XVII.)

3. *Straits Homeward Conference.*—This was inaugurated in 1885, rebates being paid from that year and with slight temporary cessation has continued up to the present time. The usual circular in connection with deferred rebates is issued.

Attached is a statement showing the rates per scale ton on certain articles for ten years prior to the agreement of 1885 as well as those ruling in 1907. (*Appendix* XVIII. and XIX.)

4. *Homeward Philippines Trade.*—This was put upon a rebate system in 1904. A copy of present tariff is enclosed.

Competition between the regular lines had reduced rates to an unremunerative level, and it therefore became necessary for the various steamship owners to secure proper payment for their services, and if regular lines of steamers are to be run in which the shipowner takes the risk of being able to fill his steamer with cargo a combination between owners is necessary. As cargo does not come forward in a regular and equal flow, if the maximum requirements of shippers are to be reasonably well accommodated, shipowners must provide tonnage in excess of the average requirements, and, under those circumstances, a fall in rates would be inevitable unless some arrangement existed between the competing lines.

The deferred rebate is not necessary to a Conference—it is the inevitable corollary of stable rates of freight. If freights are not to fluctuate, then they must represent an average charge, and the shipowner cannot be expected to quote an average rate of freight and allow the merchant to avail himself of it only when it is lower than the current rate. A definite rebate on terms that are public is the fairest way of discriminating between regular and casual supporters.

The existing arrangement appears to give satisfaction to the great majority of the traders, and no evidence to the contrary appears hitherto to have been tendered to the Commission by any persons doing a large business with the above Conferences.

Rates of freight cannot be fixed by distance, which is often a minor consideration; questions of expense, return cargo, volume of traffic, &c., have also to be considered, and, generally speaking, the ruling considerations are (*a*) the cost of rendering the service, (*b*) the value of the service to the shipper.

No serious complaints as to the rates of freight now charged by the above Conferences have been made by regular and responsible traders, and all representations from such sources are carefully considered, and whenever possible shippers' wishes are met.

It is the interest of the steamship companies to develop trade, and in fact it has enormously increased since the institution of the Conferences.

With regard to Sir W. Egerton's complaints as to the working of the Straits Homeward Conference,

Mr. R. D. Holt.

10 *Mar.* 1908.

Mr. Holt will show that rates of freight from Straits are reasonable and compare favourably with those from adjacent ports. Any diversion of trade in goods originating in the Dutch East Indies has been brought about by circumstances entirely outside the control of the steamship companies.

The following statements are annexed:—

1. Present freight tariffs (out and home).
2. Complete set of rebate circulars and forms for claim.

16766. (*Chairman.*) You speak as the representative of the Outward Conference to the Straits, China, and Japan, of the Homeward Conference from China and Japan, and, lastly, of the Homeward Conference from the Straits?—Yes. Might I ask you first of all: Do I understand that this is absolutely open to the Press and that everything one says at present is liable to become public?

16767. Yes. But there are certain questions which relate to matters which are to be considered confidential; whilst the Press is present, no questions will be put to you as to those matters, but later on, towards the end, a few questions will be put to you, in the absence of the Press, as to matters which are treated as confidential. There was originally one Conference, was there not?—Yes, I believe that is so.

16768. And that was formed, you say, in the year 1879?—That, I believe, was formed in the year 1879.

16769. That arrangement was, you say, broken up and then replaced by three separate Conferences?—Yes, that is so.

16770. Now let us take the Outward Conference between China and Japan. The present subsisting agreement is dated July 10, 1894?—Yes.

16771. And the trade consists principally of yarn and all fabrics of wool, cotton, silk, or mixtures manufactured and packed in Lancashire and Yorkshire?—Yes.

16772. When this agreement was come to, a rebate circular was issued; that rebate circular you put in?—Yes, we have put that in.

16773. Was it originally in the same form as that of the circular you put in which is dated January, 1907?—Substantially. Might I explain? First of all the Lines in the rebate circular have been changed; they are not the same persons who were in the original Conference, or, rather, others have been added to them. Then, I think, the terms of payment have been altered. In the original Conference, at the end of a year the whole rebate was returned.

16774. At any rate, I think we may confine our attention to the circular which is now in force, namely, the circular dated January 1, 1907?—Quite so.

16775. On reading that circular, we find that the ports are mentioned to which the steamers are to go?—Yes.

16776. Then, there is mention made of a rebate of 5 per cent., and after stating what rebates will be allowed, the different companies are mentioned who join in this system of rebates?—Yes.

16777. Now, as regards some of these, the amount of the rebate is really 10 per cent., half of which is payable at the end of six months, and half at the end of 12 months. That is the substance of it, is it not?—Yes.

16778. And, then, claims must be sent in within three months of the date on which the payments become due?—Yes. That, of course, is a mere protection against having claims trumped up after all sorts of documents and things have been put out of the way.

16779. There was some little confusion about the 5 per cent. discount; perhaps you will kindly explain that?—That is what is called the immediate return.

16780. That is not deferred rebate at all, is it?—It is not a deferred rebate at all.

16781. I suppose there is no necessity for paying this 5 per cent.?—As a matter of fact, I believe, as far as other people are concerned — certainly, as far as we are concerned — it is never paid. Suppose the freight is 30*s.* and 10 per cent., he pays 30*s.* and 5 per cent., and hands in a receipt for the other 5 per cent. This custom has been in existence for some time past, and I believe it originated as a London custom. Five per cent. was originally a payment to the forwarding agents or merchants who did the forwarding themselves.

16782. Really, it is not a deferred rebate at all?—No, it is never paid.

16783. Do you know what rebate is allowed in the case of shipments from Germany?—I am not quite sure whether they charge 5 per cent. primage and allow 10 per cent. rebate, or charge no primage and allow 5 per cent. The net result is the same thing.

16784. You have put in a table of rates of freight from 1891 to 1907 on cotton goods from Liverpool and London to China I do not know whether you handed that in?—No, I think that was handed in by one of the Manchester gentlemen.

16785. I dare say you have seen that table?—Yes, I have seen it.

16786. That showed that rates did fluctuate very considerably up to 1904?—Yes.

16787. And especially in 1901?—Yes.

16788. Since 1904 there have been scarcely any changes, I believe?—That is so.

16789. But in 1901 and 1902 very considerable reductions were made?—Yes.

16790. The rate, I see, was decreased on heavy goods from 65*s.* to 45*s.*, on light goods from 50*s.* to 30*s.*, and on the yarn from 40*s.* to 30*s.*, so that the reductions were very great indeed?—Yes.

16791. And they were brought about after certain representations or certain negotiations entered into by Mr. Alfred Holt, I think?—Yes. Would you like me to explain exactly what took place? The rate, as you say, was 65*s.* It will be, perhaps, remembered, I think, by all people who are interested in shipping, that at the time in question—about 1902—the Chino-Japanese War was just finishing, and so was the war at the Cape. Freights had been run up all over the world to a very high level, and very naturally we thought we were entitled to some of the same benefits as other people. After those wars were over there was a very rapid fall, which accounts for the fall in our rates. We reduced them voluntarily from 65*s.* to 55*s.* At the same time this was followed by very bad trade in Lancashire. The cotton trade were in great difficulties over their crop at that time, and a general Lancashire deputation, representing all the interests in Lancashire—the merchants, the manufacturers, the county councils, the trade unions, and other people—came to see us. At that time we were trading under the name of Alfred Holt, without any "& Co."; but, as a matter of fact, I am the individual they actually saw. They put their case before us, and we considered the whole matter, and thought it was a proper occasion for meeting them. We did so, and they expressed themselves as highly satisfied with what we did. Since then, there has never seemed to be any reason for disturbing the arrangement come to; in fact, I know they were highly satisfied. I have got the letters written at the time before me, but I do not think it is necessary to put them in.

16792. I suppose they would have been very well satisfied because the reduction was a very large one?—Yes.

16793. (*Lord Inverclyde.*) Were you satisfied?—Of course, we would have preferred the larger figure, but under all the circumstances, I think it was not an unreasonable rate, particularly as at that time we amalgamated with a trade rival, and the economies of the amalgamation helped to console us for the difference in the freight.

16794. (*Chairman.*) At any rate, after certain negotiations a satisfactory result was arrived at?—Yes, a satisfactory result.

16795. That leads me to ask you whether you agree with Mr. Byron, and other witnesses of great experience, that it is very useful that there should be meetings between those who represent the shipowners and those who fairly represent the shippers and merchants from time to time?—I do not think any formal meetings are necessary, because we are in daily touch with the merchants; through our brokers and agents we are seeing them every day. As far as we are concerned, whenever they have anything they wish to say, they practically have a daily opportunity of saying it.

16796. But, you see, the shipowners form a combination?—Yes.

16797. And union is strength?—Yes.

16798. Do you not think it might be also right and useful for merchants to combine?—That is for them to say, is it not?

16799. I agree with you?—It is for them to decide whether it is desirable to combine.

16800. I thought, perhaps, you might have formed the same opinion as Mr. Byron, and others have formed?—Personally, I should have no objection whatever to their doing so, and I should not feel aggrieved if they did; but I regard that as entirely a domestic matter of their own. From what I know of them, I think that most of them would tell you that they would rather not be combined than have to disclose that amount of their business to one another which would be necessary if they were to work a combination. However, that is their affair, not mine.

16801. However, we can get that from the merchants. In 1902 we know the rates were, generally speaking, much lower from Germany than from the United Kingdom; do you know that? Mr. Zimmern proved that?—It is quite possible they were; that is as regards Manchester goods and as regards textiles.

16802. I mean as regards those. Can you account for that at all?—I think that the explanation is, that the German trade in textiles is not very large, and that it does not compete with our trade, and so nobody very much cared. I believe at the present moment the German rate on textiles is higher than our rate.

16803. In fact, at this time, I suppose Germany does not and cannot export Manchester plain goods at all?—No. The textile part of our business is a very large part of the business, and a very important part of the business; but in Germany it is not a very important part of the business. So, while we concentrate a considerable amount of attention on the rate on textiles, in Germany they do not.

16804. But at the present time, are the rates the same from Germany as from England?—I believe they are rather higher from Germany—at least, that is the complaint the German steamship companies make to me. I think somebody gave you evidence upon it.

16805. Mr. Langdon did?—Did he not give it to you as 42½ marks?

16806. Yes, he did. Mr. Langdon said the present rates on cotton goods are 40 marks to Hong Kong, 42½ marks to Shanghai; and the rates from Amsterdam and Rotterdam were 42½ marks also?—I do not know whether it was made clear to you that those rates are per cubic metre and not per 40 cubic feet. You have to add a certain amount in order to compare it to the English rate, that is to say, the Shanghai rate is, roughly, 48*s.* 6*d.*, against our 45*s.* That is, roughly speaking, the present state of affairs. Shanghai is the great market for textiles.

16807. Is it?—Speaking off-hand, I should think that represents 75 per cent. of the whole trade in textiles or nearly so.

16808. There was one witness who made a statement, to which I desire to direct your attention. One witness stated that the rates on goods, other than Manchester goods from Continental ports, are 7*s.* 6*d.* to 10*s.* lower than the rates from ports in the United Kingdom; is that, in your opinion, a correct statement?—No, that is not. The present rates from the east coast of England, that is to say, from London and Middlesbrough, and from Antwerp and Holland, are the same on iron products. The rates from Germany are the same. The rates from the west coast of England are generally somewhere in the neighbourhood of half-a-crown a ton higher. I will tell you why that statement was made, I think; I do not want to suggest that the gentleman who made it was untruthful or anything of that sort. I think he refers to a period when there was a hot competition going on in Antwerp, and the rates in Antwerp, whatever the tariff was, were not, in fact, being adhered to.

16809. I had some reason to suspect that statement was not accurate, and that was the reason why I put it to you?—I think it was only accurate in a sense, that is to say, the tariff at Antwerp was not for the moment being adhered to. Of course, if there was a permanent difference of 10*s.* per ton, the position would be impossible.

16810. You know that in some trades, the South African trade, for instance, there is what is called a compact between the shipowners and the merchants?—I have been told so; but, except what I have got from newspapers and gossip, I know nothing whatever about South Africa. *Mr. R. D. Holt.* 10 *Mar.* 1908.

16811. There is no such thing in the trade with which you are concerned?—There is nothing whatever beyond these rebates. As a matter of procedure, I might possibly wish to offer some observations—I do not know whether I should be allowed to do so.

16812. Certainly?—Would you rather I did so at the end, or now, or at what time of the proceedings?

16813. I think it would be useful if you were to do so now?—There is one point which I should like, if I may, to put before the Commission; it is just the point of the growth of the trade. I do not know whether that would be interesting to you. The point you will appreciate that I want to make is that the Conference has not restricted the trade, but, on the contrary, has increased it. I have got the figures here of the total amount of cargo carried by my own firm. I may explain that our share of the trade has always been the west coast of England, that is to say, the share allotted to us and our position in that west coast trade has been practically always the same, and we have always had relatively the same proportion of the trade. I may say that these figures are only approximately accurate; they might happen to be in any case 5 per cent. out including or not including different parts of the trade. In 1884 the total amount of cargo carried in our steamers was 85,000 tons, and I find that ten years later that had risen to 160,000 tons.

16814. Almost twice as much?—Yes. In the year 1902, which is the year that has been referred to (which is the year before we made the amalgamation with our rivals), we then carried 294,000 tons. In 1903, after the amalgamation with our rivals, we carried 430,000 tons, and at that time we took over from them an extension of the Line across the Pacific Ocean to British Columbia, so that from that date a certain amount has to be allowed for the trade with British Columbia. I find that in 1906 this had come on to 577,000 tons, and in 1907 the figures given me show 670,000 tons. So that I think there is no reason to suggest that we have failed to cater for that trade.

16815. (*Lord Inverclyde.*) Would you mind saying what ports you include in the west coast; do you include Glasgow in the west coast?—Yes, I include everything on the west coast.

16816. (*Sir Alfred Bateman.*) How do you account for the fact that the British shipping to Hong Kong has had a great decrease in the last year, while foreign shipping at Hong Kong has increased? British shipping has decreased by more than a million, and foreign shipping has increased by more than a million?—You put the question to me off-hand, and I do not know that I can answer that question.

16817. Take the figures for some years back, it looks as if foreign shipping had increased very much more than British shipping?—One particular year?

16818. I am taking all the years for 15 years; in these particular years there is a large decrease in British shipping and a large increase in foreign shipping entered and cleared at Hong Kong. How does that agree with your statement that your Company is doing more business than they were?—Hong Kong includes all the coasting trade on the coasts of China, and without seeing the statistics—I have not got the statistics before me—it is impossible to express an opinion about them.

16819. You have just given us figures about the increase?—On the outward trade from this country to China and Japan.

16820. The Hong Kong trade and the China trade are two very big things?—The figures of entrances and clearances at Hong Kong include not only the trade from this country to China, but all the coasting trade to ports up and down China.

16821. It shows British shipping is not increasing there?—Of course, without having the figures to look into and analyse, it is really impossible to express an opinion about them. All the British shipping businesses that I am acquainted with are increasing.

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16822. They are?—Those that I am personally acquainted with. I will tell you one thing that may account for it, and that is the resumption of regular services by the Japanese Line with Japanese boats. You must remember that during the war and directly after the war with Russia, the Japanese Company were obliged to run their service with chartered English steamers. That has all ceased; and I think that very likely has had a good deal to do with it.

16823. (*Professor Gonner.*) Would the boats going out to China and Japan all enter and clear at Hong Kong?—No, not necessarily.

16824. Only some of them?—Only some of them.

16825. (*Sir Alfred Bateman.*) In the whole of China there seems to be a considerable increase of foreign shipping?—What particular foreign shipping is it?

16826. As far as Hong Kong is concerned, it is "shipping other than British" in which the increase has been made. You think that is on account of the resumption of the Japanese shipping?—I think that that very probably will largely account for it. The Japanese shipping was engaged, and has been very largely since the war, in transporting their troops to and from Manchuria, and, speaking off-hand, I believe that will be the principal cause. If anything remarkable has happened in the last year, I think that probably is the principal cause—that their shipping has been set free from the Government service, and has taken the place of other shipping which had gone temporarily.

(*Chairman.*) Could the Board of Trade inform us of the different kinds of shipping, the shipping of different nations?

16827. (*Sir Alfred Bateman.*) Yes. But there is this fact which I asked you about: At the beginning of the year 1892, you had British vessels entered and cleared at Hong Kong of 7½ million tons—this is exclusive of the coasting trade, mind you?—Which is a foreign trade. There is no coasting trade shown; the foreign trade includes the coasting trade.

16828. What do you mean?—Hong Kong is a little British island by itself; it has no trade by itself; and, therefore, the trade to the nearest port, the trade to Canton, is foreign trade. Therefore, what is commonly called the coasting trade is included in the figures of the foreign trade.

16829. Anyhow, it is 7½ millions of British shipping, which had increased to 13 millions in 1905, and decreased to 12 millions in the next year?—You asked me, Why? I cannot possibly answer that question without an inquiry. Before you can come to any conclusion you want to see rather a longer period. Many abnormal circumstances may account for a drop in one year.

16830. I have given you what happened between 1892 and 1905, when British shipping had increased from 7½ millions to 13 millions, but foreign shipping had increased from 2¾ millions to nearly 7 millions—that is a very much larger increase?—A larger increase proportionately, not absolutely.

16831. No, not absolutely?—And if I might remind you, look what has happened in Japan in that time. I think you will probably find that by far the largest growth of foreign shipping is in the Japanese shipping.

16832. Anyhow, you do not connect those figures at all with anything that has happened under your Conferences?—Not at all.

16833. You do not think that has led to the larger increase of foreign shipping?—No. If I may respectfully say so, I do not believe the figures you have shown me have anything whatever to do with our Conference.

16834. Your Conference figures are included in these?—I am dealing with the tonnage of goods. Supposing our stuff had all gone to Japan or had all gone to Shanghai, possibly, it has not increased the Hong Kong figures in the same ratio as the other ports; I do not suppose it has.

16835. Do you admit that the tonnage that carries those goods must have been foreign tonnage rather than British?—No, I do not.

16836. The increase has been on foreign tonnage?—You have put some figures before me which I have never seen before.

16837. They are published figures?—Yes, but one does not see all the published figures, I am thankful to say, that are ever produced.

16838. (*Mr. Owen Philipps.*) Are we not comparing two different things, one, the tonnage of ships that may be full or empty, while you are talking of the tonnage of the goods?—I am talking of the tonnage of goods in a definite trade that I understood I was being asked about, that is the trade from this country to China and Japan. These figures that Sir Alfred Bateman quoted include dozens of other trades that we are not talking about; for instance, the trade between Hong Kong and Japan is included in it, so are the local trade between Hong Kong and places on the coast of China, the trade between Hong Kong and Manila, and the trade between Hong Kong and America—trades with which our Conference has nothing whatever to do.

16839. (*Lord Inverclyde.*) Is it not possible that your increase of cargo tonnage has increased the foreign shipping?—Possibly, but it has nothing to do with the local tonnage.

16840. Was nothing transhipped?—Not to any appreciable extent.

16841. (*Chairman.*) At any rate, these figures relate to trades which are not included in those trades to which your Conference refers?—They include trades which have nothing to do with our Conference. I think your figure for 1906 stands by itself. Until we see what happens in 1907 and 1908 you cannot draw any inference.

16842. (*Sir Alfred Bateman.*) I see the increase in foreign shipping is much greater than in British shipping?—Not absolutely, only proportionately.

16843. Not absolutely, but very much greater proportionately. But in this case of last year there, you do offer me a sort of explanation, do you not, about the Japanese shipping?—I suggest that is probably largely the explanation.

16844. Anyhow, you have not considered the general figures?—No, I have not considered those general figures.

16845. The same result is found at the Straits Settlements as well, but we are not including those for the moment?—No.

16846. There is a large increase of foreign vessels at the Straits Settlements, while there is a decrease in the British shipping to and from the Straits Settlements?—I have got some figures. I would try and offer you an explanation if I had got the whole figures; but, again, it is very difficult to say.

(*Chairman.*) Are there any Board of Trade returns as to the quantity of Manchester goods carried to China and Japan?

(*Sir Alfred Bateman.*) Yes.

16847. (*Chairman.*) As regards textile goods, you do not expect to find there has been any proportional decrease, do you?—No. The textile trade, taken all round, has been fairly stationary. I should say there is a slight general increase, and, of course, it fluctuates a good deal from year to year according to the state of the market. On the whole, there has been a slight but not a very large general increase.

16848. What other nations compete with us in those goods?—I suppose India and Japan on certain qualities, the poorer qualities. There is a very small manufacture in China of these, I think. On certain classes of goods, America competes.

16849. Will you continue your statement, if you please?—There was another point on that I should like, if I might, to put before the Commission, and that is, I cannot give the absolute rates of freight of every article; it is impossible; you do not keep these records so long. What I can show the Commission is earnings per gross ton of our ships, and, of course, every shipowner, at any rate, would appreciate that the gross ton becomes a much more efficient earning instrument than it was 30 years ago or 40 years ago. You would expect the gross ton capable of doing far more work and of carrying far more goods than was previously the case. I find in 1871 the average gross earnings per gross ton that we got in those days was £19, in 1881 it had sunk to £16·29, in 1891 it had sunk to £12·74, in 1901 it had gone down to £9·47, in 1905 it had gone down to £9·25, and for the year from October 1, 1906, to September 30, 1907, it had further sunk to £8·81. I think I should like to put those

figures before you to show you that the average freights that we have been charging have been steadily falling, not only before the Conference, but since the commencement of the Conference. The improvement in shipping has really entirely gone into the pockets of our customers.

16850. Would you mind making that clear to my mind what you exactly mean by gross earnings per ton?—In the course of a year you receive so much money for the various things you do, and you divide that by the gross tonnage.

16851. Those are the freights?—Yes.

16852. You receive a certain amount of freight?—Yes, and dividing that by the total number of tons that were employed in the trade, I get a figure which shows me how much each ton of shipping earned in the year.

16853. So that, really, the figures you have been good enough to give us just now, show the rise and fall of freights?—They really show not the rise, but the fall of freights.

16854. I mean rise or fall?—They would show the rise or fall.

16855. Would you kindly go on now?—There is one point I should very much like to emphasise to you, and that is this: I am assuming we are now talking purely about the Outward Conference. As far as I have read the evidence that has been given before you, no person who carries on any important business or has business worth mentioning, has made any complaint whatever of the existing state of affairs.

16856. Well?—I cannot see anything that I can call really a complaint; some people may have grumbled a little.

16857. Mr. Langdon complained certainly. For instance, he complained of the period during which the rebates are retained as excessive. He put that forward as a grievance?—I was referring to the matter of rates. You will observe on that rebate circular any person who is dissatisfied can get out twice every year with the loss of 5 per cent. for six months. If he elects to withdraw or leave us on, say, July 1st or January 1st, all he would lose would be 5 per cent. for the previous half-year, which, of course, is not a very large sum of money. If he anticipates making any gains or bettering himself in any way, especially if he made up his mind to do it beforehand, he would no doubt take care that that particular half-year was a very small one.

16858. That is to say, with a comparatively small sacrifice he could free himself from any penalties that may be imposed?—He could free himself entirely. A man who is paying to us £10,000 a half-year in freight would only sacrifice £500, and no doubt if he thought of it well in advance, as he would probably do if he had a burning grievance, he would very much reduce his amount, because he would take very good care to send us an unusually large quantity in June and take care he had very little in November and December to save up for the beginning of January.

16859. (*Sir David Barbour.*) If he gets out of the Conference in that way, what is he to do? Are there other steamers he can go to, or must he come back to the Conference?—It is hardly my business to say what he is to do. That is his business if he does not choose to remain. I take it, that if he wants to go outside he knows or thinks he knows of some other people who will sell to him what he requires on better terms. That would be the motive for wishing to leave us. He is acquainted with someone else who will give him what he wants at less money. I think the advantages of a regular Line have been put before you.

16860. (*Chairman.*) I think so?—I do not think I need emphasise that point. We give them a regular service and a punctual service, and they are services which are free, as they do not have to commit themselves in advance.

16861. They send their goods, but why do they send them—is it exactly to suit themselves?—They are under no contract, and they make no engagement. If at the last moment they wish to change their minds, they simply say the stuff is not coming, and they say no more about it. They have no contract. They simply notify us what amount of stuff that they choose to send, and if they choose to change their minds, they change their minds. There may be a certain amount of grumbling about it, but there is no penalty whatever for changing their minds. It is evident that the system of regular Lines does suit the convenience of merchants, because the trade is steadily falling into the hands of the regular Lines. The proportion of trade in every direction that goes to the regular liners is steadily increasing. That, I think, is a proof that, on the whole, that system meets the convenience of merchants. I should also like to point out that a regular Line is, generally speaking—I mean from other points of view—of great advantage as regards, for instance, harbours and ports, because the more regular the business is, the smaller the amount of capital that is necessary, and the less fluctuation you have in business, the less capital expenditure you want to provide for it. If you have great fluctuation in business, then you have to expend capital in order to provide for your extreme expansion, which capital is very largely idle in times of depression. Therefore, the nearer you can keep your business to an average, the cheaper it is to carry it on. Then, of course, it is very much better for labour everywhere. One of the things that so much complaint is made about is that there should be anything in the nature of casual labour. If we are ever going to deal with that problem, it will certainly be much more easily done with trade falling into regular and not into spasmodic ways of being carried on. As I put it in my proof, if we are to quote anything like regular rates of freight, to shippers, if we are to give them rates that do not fluctuate, rates that can scarcely ever change, those rates must be of the nature of average rates; and if we quote shippers an average rate of freight, we cannot leave them free to take it when it is less than the current rate, and refuse it when it is more. In some form or other we must protect ourselves against the chance that a person to whom you quote an average rate will take it when it is less than the current rate and reject it when it is more. I would submit that the fairest way of discriminating is by simply saying: "We shall give an advantage of so "much to our regular customers," leaving everybody to elect whether he will be a regular customer or a spasmodic customer.

16862. (*Sir David Barbour.*) That seems reasonable, but the objection made—I do not know whether it is with regard to your Conferences, but it is made in regard to some other Conferences—is, that they do not allow any outside competitor in the trade. If there were open competition, I can see that it would be quite reasonable to say: "If you keep to me for a "year, I will give you 5 per cent."; but if you take means to prevent that competition and then say: "I "will give you 5 per cent.," you introduce different considerations altogether?—I do not quite know what you mean by taking means to prevent competition.

(*Sir David Barbour.*) Take the South African trade. I think as regards the South African trade, I am correct in saying that no outsider is allowed in, and that the members of the Conference take means to suppress any outside competition.

16863. (*Mr. Owen Philipps.*) Is it not the case that one or two outside Lines have come into the African trade in the last 20 years?—I believe several have.

16864. (*Sir David Barbour.*) Do you state it positively that there is outside competition in the South African trade?—They have fought their way into the Conference.

16865. I mean, competition outside the Conference?—I do not know anything about the South African trade, but I should imagine, like most other trades under a Conference, the majority of the merchants and shippers find the Conference so satisfactory that they do not wish to have any other service.

16866. That may be, but it is not the view they have expressed, I think. But tell me this, if you do not know the South African trade: Apart from the Conference Lines in the China and Japan trade, are there other Lines not in the Conference?—No, there are no Lines not in the Conference.

16867. So there is not any outside competition?—There is only the outside competition of what you call the tramp—the casual tramp.

16868. (*Chairman.*) The object—it may be a very salutary object—of the Conference system and of the system of deferred rebates is to prevent any such competition, is it not?—Quite so. It is to prevent such competition.

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16869. Now, may I trouble you to continue? Have you anything more to say at present before questions are put to you?—I have got some rather more general remarks on the question of rates, but I am not quite sure that it would not be more appropriate and, perhaps, better to make them when we come to deal with the Straits Homeward Conference. I think, perhaps, that would be the better moment.

16870. (*Lord Inverclyde.*) It has been suggested that in the event of the traders and shipowners being unable to agree to a rate some form of arbitration should be established?—Personally, I cannot in the least agree with that point of view. I submit that a shipowner is a merchant like anybody else—he is a trader selling a particular class of goods; and unless all traders are going to be compelled to sell their goods at a price to be fixed by arbitration, I am really quite unable to see why the shipowner should be.

16871. You, as a shipowner, see a difficulty in any arbitrator dealing with rates of freight?—I think it is quite impossible and quite impracticable to have rates of freight settled by arbitration.

16872. (*Sir John Macdonell.*) First, about the scheme of the rebate circular on the outward voyage. I understand the scheme is this—you offer 5 per cent. to shippers who are loyal for a certain period?—Yes.

16873. An additional 5 per cent. to those who have been loyal for a further period?—Yes.

16874. And to those who have been loyal for 18 months another 5 per cent.?—Yes.

16875. Now, in your memorandum you explain some of the differences between the first circular and the present circular. Did the first circular of 1879 give a hold to the shipowners for so long a period as 18 months?—I do not think it did. I think the first circular dealt with the thing by the year, and that at the end of every 12 months you started with a clean sheet.

16876. So that one change made since the rebate system came into operation is, that the shipowner who, under the first circular might have a hold for 12 months may under certain circumstances have a hold now for 18 months?—That is so.

16877. In the first circular of 1879, there was an express statement, I think, to the effect that "if firms "when acting as agents were compelled by their prin- "cipals to ship by other Lines goods in which they "themselves had no interest, they would not thereby "be excluded from participation"?—That, I believe, was so.

16878. I am quoting from your memorandum. Is there any corresponding provision in the circular in operation to-day?—Yes. I may point out to you that the present circular only deals with the merchant owning the goods, and that we do not deal with the agent or the middleman at all; we only deal with the merchant. That is on the form of the return of which, I think, you have a copy. You see it is headed at the top "Outward rebates to be signed by the mer- "chant owning the goods."

16879. Do I understand, then, that at the present time if any agent shipped under the circumstances mentioned in your memorandum there would be no such rebates?—Not if he is merely acting as an agent. We do not deal with the agent.

16880. Is it made clear in any document that under such circumstances there would be no forfeiture of rebate?—There is no offer made, and it is well understood there is no offer made to an agent. We are offering to the merchant; we are offering to deal with the owner of the goods and not with his servant.

16881. Let me clearly understand that. Supposing that a shipping agent collected goods for half-a-dozen principals who ship goods; in those circumstances would the agent get a rebate?—No, he would not get a rebate at all.

16882. He would get none?—He would get nothing; he is not promised it. The rebate would be paid to the merchant owning the goods. Of course, we might have a difficulty in ascertaining which was the man; but the actual owner is the person to whom we pay it.

16883. Supposing, so far as you were concerned, you were ignorant whether the agent was agent or principal, in that case would you give him the rebate, assuming no doubt that he was the principal?—As a matter of fact, what generally happens is this: The bills of lading, as you know, are frequently made out in the names of the mere forwarding agents, and that is done possibly to conceal whoever is the principal; but what they usually do is to hand us in pencil on plain copies of the bill of lading the name of the principal.

16884. (*Chairman.*) You would not grant any rebate to any person, call him what you like, who had shipped goods by an outside steamer?—No, I should not. The person we are dealing with is merely the owner of the goods.

16885. (*Sir John Macdonell.*) I will put the question in another form: Supposing you assume that A. B., the shipper, was a principal in a transaction, and it subsequently turned out that he was an agent in the matter, would he get the benefit of the exemption mentioned in the circular of 1879?—Let me try to put it in this way: Suppose A. B., we will say, is an agent in the matter and he has shipped goods by our steamers, and he has also shipped goods by another steamer, and he then claims the rebates, we would say, "You are not entitled to anything"; and he would say, "I am not the principal, the right prin- "cipal is X. Y." If he satisfies us that X. Y. is the real principal, we should pay X. Y.

16886. Even though A. B. had shipped by other ships?—Yes; if he satisfied us that X. Y. was the principal, we should pay X. Y.

16887. Your answer has made the matter quite clear to my mind. Does shipping by a sailing vessel lead to a forfeiture of rebates?—Yes, it would; but nobody has ever wanted to do it.

16888. But even if such were done, you think that would lead to a forfeiture?—I think it would, if such things were to happen.

16889. This circular extends to all the outward trade, does it not?—Quite so.

16890. You mention the reduction in the rates on Manchester goods; can you name any important instances of reductions in other goods than Manchester goods?—The rates on most of these articles are considerably lower than the rates on Manchester goods. On iron and cement you could not have a reduction on the same scale, but those rates certainly have been frequently reduced and frequently advanced. They fluctuate a good deal more than the Manchester rates have. I should think since 1900 these rates must have fluctuated from, roughly speaking, 20*s.* to 30*s.*

16891. You are speaking of heavy goods such as iron?—I am talking of iron and similar articles.

16892. Taking similar articles, are you prepared to say that during the last ten years there has been a reduction all round in rates?—Yes. The highest level was probably reached between 1900 and 1902 when things were abnormal. I am certain there has been a tremendous reduction as compared with 20 years ago.

16893. Putting aside the exceptional years about 1900 and 1902, and comparing present rates on those goods, that you are speaking of, with the rates of, say, 10 years ago, has there been a reduction all round?—I should think there has been a slight reduction, but not very much.

16894. During that brief period there has not been perfect stability in those rates?—No, not at all.

16895. There have been considerable fluctuations?—Not considerable, but there has been a certain amount of fluctuation, varying, you might say, roughly speaking, in the ratio of 22*s.* 6*d.* to 27*s.* 6*d.*—that sort of fluctuation.

16896. Taking some other important line of goods than those two classes which you have mentioned, can you specify cases in which there have been notable decreases in the rates?—No, I am afraid I cannot. These other articles did about 10 years ago get down to a certain, as I think, low level, and practically touched bottom.

16897. I will put to you one question that will enable you to answer the matter shortly: Have there been a considerable number of articles during the last 10 years, putting aside the abnormal years of 1900-2, in which there has been a rise in rates?—I do not think there has been a rise on any important articles.

16898. On some articles, not important, there have

been rises; could you give an instance?—No, I could not, off-hand. Perhaps you could suggest something?

16899. The ports from which you ship are the west coast ports?—Yes.

16900. Taking the goods coming from Glasgow, have there been any classes of goods in which there have been rises during the last 10 years?—I do not think so—not a general rise. I can give you the present rates, if you like, on any article you like to mention. That is, perhaps, the simplest way.

16901. I will not trouble you to do that?—I only thought perhaps that would show you that there was not much room for rise or fall. Would you specify an article that you would like to have the rates for?

16902. I will not trouble you further. You tell me you can at the present time think of no important article in which there is a considerable rise?—That is so.

16903. Is there a classification in this Conference?—Yes. Here is the tariff. Perhaps I might ask you to look at it.

16904. I will not trouble you?—Every article is separately enumerated, as a matter of fact.

16905. Is the rate for every article accessible to the public?—No. This is not a document that is published.

16906. Do you see any reason why the Conference should not issue to the public a classification?—I do not think myself that it would be a convenient arrangement.

16907. Convenient for whom?—For anybody. If you publish a document and hand it about, what happens is this, that somebody gets hold of it, and he comes about 12 months afterwards, when the thing has been altered, and he says, "I have done all my busi- "ness on the faith of this document which you gave "me, and you never told me that this document had "been withdrawn; I have committed myself on the "strength of all this, and you must really see me "through on these rates."

16908. I put it to you that such a hypothetical case would be very rare if the document were regularly published, because, then, changes would be made known?—I think you would find it happen quite sufficiently frequently to be extremely inconvenient.

16909. Is that the only objection you can think of to the publication?—I decline absolutely to commit myself ahead, except as regards definite transactions, to any rates of freight. We are quite ready to tell any person who wishes to do any business on what terms we do business; but I am not prepared to scatter broadcast an invitation to do business on certain terms.

16910. You object to state your rates beforehand, do I understand, so as to bind you in the future?—I object to state them beforehand, so as to bind me, unless I am dealing with a definite transaction and a definite person I know. I certainly object to scattering broadcast an invitation to all and sundry.

16911. I do not want to quibble about words, but you did mention that the publication of the classification would be inconvenient. Do you think that it would be convenient that the customers should not know beforehand what they are likely to be charged?—I think that under our existing plan the customers do know. That is my answer to you—that the customers do know.

16912. About the circular, it is needless to say that you, the Conference Lines, bind yourselves to nothing in the way of giving a regular service?—That is so.

16913. And you bind yourselves to nothing in the way of not shipping on ship's own account?—That is so.

16914. In fact, with the exception of binding yourselves to give a certain percentage in the event of loyalty, you do not bind yourselves to anything?—Nothing at all. Certainly, all we do is that we tell our friends that if they choose to do a certain thing, we will give them, on certain terms set forth here, certain percentages.

16915. Would you be prepared to put into a written document an agreement to the effect that in consideration of the customer being loyal, you will provide regular shipping and a regular supply of tonnage and not ship goods on ship's account?—I do not know that I should be prepared to do that. But it is a thing that we always have done, because we could not carry on the business if we did not do it.

16916. You want to have a free hand with regard to that, I understand?—I certainly want to have as free a hand as possible, and I am quite willing to let my customers have as free a hand as possible. May I put it in this way? When anybody talks about entering into an agreement to provide a regular service, that is neither here nor there, because if we did not provide a regular service we could not exist. The whole point of our business is, that we provide a regular service, and it is one of those things that we must do.

16917. I do not want to ask one question more than is absolutely necessary to make your position clear. You see objections to entering into any formal agreement, on your part, other than that which is contained in the circular?—Yes.

16918. Do you think, with your experience, that it would be practicable for merchants to combine and ship by other steamers than those within the Conference?—Yes.

16919. You think it would?—Quite. I would not like to mention names, but I think I could name three firms who, if they chose to combine together, could upset the whole of our Conference.

16920. You think it is practicable?—Perfectly so, if they wish to do so.

16921. I see you do not want to go minutely into details?—No. One does not want to mention names, but I think I could name three firms who, if they chose to put their heads together, if they wished to break up the Conference, would not have the slightest difficulty in doing it. They might lose their own money, of course.

16922. Would you indicate how this could be done?—Let us assume that three firms, A, B, and C, for the sake of argument, have got sufficient business to do it; all they have got to do is to club together, and charter themselves steamers and put them on the berth, loading them mainly with their own goods and then taking as much of other people's goods as they can get.

16923. Looking at it as a matter of business, do you think it would be possible for any three firms to make an arrangement by which regular shipments could be sent out?—I think there are certain firms who could do it. When you say "any three firms," please understand that I do not mean absolutely "any": but that there are certain firms that could be named, firms of great importance and very able and skilful firms, that could do so if they wish—certainly.

16924. Assuming that three exceptionally strong firms could do it, do you think for the ordinary shipper, belonging to a totally different class than those three, the combination is practicable?—No. If you take one of our steamers, I suppose the average amount of cargo would be, say, 7,000 tons—I am speaking absolutely from memory, and I may be 20 per cent. wrong; it is quite obvious that a man who is shipping 20 tons a week cannot make arrangements by himself, or even with two or three friends shipping similar quantities, to set up a rival line. For that man, the system of a Conference is by far the best you can possibly conceive, because it gives him a regular service which takes his 20 tons. But there are people who ship 700 or 800 tons a week, on an average, and if they choose to combine they would certainly find not the slightest difficulty in going to any large shipowner and saying to him, "On the strength of "these 2,000 tons a week, which we see our way to "promise you, will you put on steamers to China "against the Conference?" I am quite certain they would get a man to do it to-morrow.

16925. For the great mass of shippers who have not 2,000 tons a week to offer, but 2 tons or 20 tons or 30 tons, such combination is impracticable?—It is quite impossible.

16926. And as regards them, therefore, they are entirely at the mercy of the Conference?—I would not like to put it like that. I should say the Conference has absolutely made them. It has given them an opportunity of shipping on fair and reasonable terms whenever they like. They can start with two tons a week, and they can go up to 2,000 tons if they have

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got the ability and skill to do it. That is the way I put it.

16927. You said, in answer to a question by the Chairman, that though you thought it desirable that from time to time the shipowners should meet and talk over matters with their customers, you thought it inexpedient that there should be, I think you said, formal meetings?—I think I put it this way—that a formal meeting is unnecessary if you are constantly meeting people and they are constantly telling you or telling your representative exactly what they want. It is hardly necessary to summon them all to a great conclave, in order that they should all collectively tell you what they want.

16928. Do you not think they would speak with more authority and with not less intelligence if they spoke collectively?—I think they would be very cautious if they spoke collectively. I think they would be too much afraid of showing their hands to their rivals.

16929. I do not suppose you would object to that?—What I mean is this: They would not really tell you what they did want—not because they are afraid of telling you, but because they do not want to tell their friends. I think most of my customers would rather tell me what they want than tell their brother customers.

16930. Do you not think that from time to time advantages to the shipowners as well as to their customers would be obtained by ascertaining the collective opinion of a particular trade in regard to a particular rate for shipment?—That is what we in practice do. They make their separate representations to us, and I believe they prefer it. I can assure you that if any body of our customers wish—if they themselves do it, because it is not for us to organise them—to form themselves into a committee, and they prefer communicating with us as a committee, we should be delighted to meet them on that basis.

16931. Would you be prepared to go a step further, and to say, "If these are your representatives, those "are our representatives"?—If our customers said, "We wish, instead of dealing individually with your "broker or whatever it may be, to have a committee "of three to deal with three shipowners"—I am quite certain none of us would make the slightest difficulty about it—if that is your idea. But I do not believe they do wish it.

16932. You are speaking as one important member of this Conference. If you were approached by a representative body of merchants with a view to the formation of such a committee, you would see no reason to offer an objection to it?—I should offer no objection to it, if the merchants wished it. It would have to be a suggestion that would emanate from them.

16933. Would you co-operate in the formation of such a body?—Certainly. We are bound to co-operate in any arrangement of business that our customers want.

16934. Would you go a step further? Before making an alteration in a rate, supposing there were such a body formed, would you see any objection to that proposed alteration being discussed by that body?—I think there are objections to it. For instance, I hold, and I have always held and my firm have always held, a very strong opinion that an alteration in the rates of freight ought to be made immediately, and that there ought to be no possible chance of people getting to know what is in the air. It is more satisfactory to everybody to then and there make an alteration.

16935. As I understand it, your position is this, that the present arrangement is entirely satisfactory in every respect?—I think, as far as I am able to judge, the present arrangement is satisfactory to us and to the people who do business with us.

16936. At all events, it is satisfactory to the Conference?—Yes, and as far as I am able to judge, it is satisfactory to our customers.

16937. You gave the Chairman some very interesting figures as to the gross earnings per ton, and you showed that those gross earnings have run down from £19 per ton in 1871 to something a little over £8 per ton in the last year; do you ascribe that reduction solely to your reducing rates?—Not altogether, but partly; and partly to this—that when the trade originally began, it was started for the benefit of very highly-rated articles—perhaps, I should not say very highly-rated but relatively highly-rated articles—such as textiles and tea homewards. The effect of the regular service started for these articles has been to develop an enormous trade in the articles that had a low rate of freight. The opportunities and the facilities that were brought about by the establishment of a regular Line in the first instance, and the growth of the trade which there has been in consequence, has led to great expansions in the relatively lower-rated articles.

16938. Is not the reduction in these articles due, at all events in part, to the fact that now in a given month or in a given six months there is a much larger tonnage available?—I have not made that point clear.

16939. Take a month or six months in 1907; there would be available then a larger quantity of tonnage than in the corresponding period of 1871, would there not?—A larger quantity of tonnage or of merchandise?

16940. Tonnage of shipping. In the first place, the voyage is made more rapidly?—Yes.

16941. In the second place, the vessels are much larger in size?—Yes; but you must remember that the larger and improved vessel is able to carry more cargo per ton gross register.

16942. I quite follow, but that is another side of the matter?—That ought to bring an increase in the earnings. Then, there is the fact that she makes her voyage more rapidly, which also ought to bring an increase in her earnings.

16943. At all events, you do not lay much stress upon the figures as proving that there has been a reduction in the freights?—Yes, I think they do prove that. I think they show that there has been an enormous reduction in the freights; certainly, there has been since 1871.

16944. Should you say at the present time there is too much tonnage in the trade?—No. I know there is not too much tonnage in the trade—not for the outward trade.

16945. But there is for the homeward trade?—The business is now, in this particular trade, conducted for the outward trade. The outward trade is the principal part of the trade, and it is the prime motive. You first arrange, naturally, for the outward trade, and then you do your best to load your ship homewards. That is the way the trade is now being worked. Originally, you did your best to find outward cargo in order to load the ship homewards; but it has exactly turned over. Our business is to provide neither too much nor too little tonnage for the outward trade, but the right quantity.

16946. Should you say that ships go on the outward voyage more often with a full cargo now than they did 10 or 15 years ago?—Yes.

16947. They do?—Yes; and still more so, comparing it with 20 or 30 years ago—say, 30 years ago, when the ships were going out for the homeward business. Then they were going out frequently empty, or half-loaded, expecting to make their money in their earnings on the homeward trade. Nowadays, that is entirely reversed in this particular trade, and you expect to make your earnings on the outward trade; the profit has to be made on the outward trade.

16948. The outward trade has expanded, and the homeward trade has shrunk?—The homeward trade has not expanded in the same proportion that the outward trade has.

16949. (*Mr. Barry.*) In the Conference with which you are concerned, are lower rates being quoted to large shippers?—No. We quote the same prices to everybody, except there are certain articles which are not in the tariff at all—certain non-tariffed articles, such as railway material, and, I think, pipes, and one or two other articles which go in very large quantities and are not in our tariff at all. When you are dealing with that class of article you quote a rather lower rate for a very large shipment than you would do for a very small one. As far as we are concerned, and I believe as far as the other Lines are concerned, the tariff is strictly adhered to, whether the shippers are large or small.

16950. In the cases you have referred to of shipments at special rates, are such cases confined to municipalities, or would the concession be given to any large shipper?—It is not a question of a concessior; there is no standard to take a concession from.

16951. It is a special bargain?—Yes. Certain articles are what we call "open," that is to say, they are not in our tariff, and every transaction in them is a special bargain. There may be a loose general understanding.

16952. You told us that when traders make complaints or requests for a reduction of freight, all such cases are carefully considered, and, wherever possible, made?—Yes.

16953. Could you give the Commission any recent instances where concessions have been made on the representations of shippers?—If you are asking about a particular case, I think I would rather there were not any reporters present. If you will ask me afterwards, I will deal with the question more fully.

16954. We have had evidence to the effect that it was no use making representations?—Not, I think, as regards our Conference.

16955. I could not say that that evidence applied to your particular Conference?—I can only speak for myself in these things. The fact that somebody comes to you and tells you it was no use to make representations to a Line trading somewhere else, does not prove it was no use making representations to us.

16956. But at the moment you have no instance in your mind when any concession was made upon the representation of the traders?—Yes, we have made many concessions on the representations of traders.

16957. Recently?—Yes. I have never known a case in which traders have come to us and made representations, in which we have not discussed the matter with them, and sometimes met them, and sometimes, I think, even convinced them that their representations were not well-founded.

16958. Possibly in the majority of cases you convinced them that they were doing very well?—We very often do, I assure you. But, of course, as I am sure you will appreciate, there are any amount of traders and other people in this world who, if they thought by making representations to you they would pay rather less, would start making representations at once. You have to take these things with a certain amount of scepticism as to their representations sometimes.

16959. You have given us a good many interesting figures, drawn from your own experience, as to the growth of trade under the Conference system; is it fair to assume that in trades entirely outside of the Conference an equal growth of trade, or possibly a greater growth of trade, has taken place?—No, I do not think it is; and I will tell you why. I am interested in the management of the Port of Liverpool, and I know that in Liverpool the general trade of the Port is rapidly more and more falling into the hands of regular and Conference Liners, at the same time that the whole trade of the port is rapidly expanding. There is no doubt about it whatever, that in Liverpool, which it is known is a great liner port, the trade is steadily more and more passing over to the Conferences and the regular Lines, and the outside steamers are gradually tending to disappear more and more, and their share is getting less and less.

16960. There is no question at all, I suppose, that there has been an enormous expansion in trades quite outside the Conference?—None whatever. There has been an enormous expansion, I am glad to say, in all trades.

16961. We would not be right in concluding that that great growth was attributable to the Conference system, would we?—I would not ask you to conclude that. I am quite certain that no Conference, or no absence of a Conference, can make a trade. All I want to put before you is that it certainly could not be said that we have strangled trade.

16962. I rather gathered that the drift of your evidence was to show that the Conference system had specially developed trade?—I think as far as our trade is concerned, it is true to say that the Conference system has developed it. I do not think it would have been so successful if it had not been for the regular, punctual service, which they never could have got in any other way. Of course, such a service, a regular and punctual service, cannot be a cheap service. You cannot have a thing both ways. You cannot have a first-class service, and I think we may say a very successful service as regards safe transport, and have it very cheap. I believe the effect of our service has been that we have given them what suited the trade, and that it has enabled the trade to develop far better than they could have done with any other service that might have appeared, *primâ facie*, to be cheaper.

16963. You have given us some rather striking figures about the gross earnings per ton from 1871 down to 1907; I suppose it is quite possible, in consequence of the great increase of tonnage, and the consequent reduction in working expenses, that the net earnings might be maintained?—I have got the net earnings here.

16964. You gave us the gross earnings?—Yes, and I am quite ready to give you the corresponding net earnings, after premising that "net earnings" means simply the difference between the gross receipts and the gross expenditure, and that out of all this you have got to provide insurance, depreciation, and certain fixed charges. In 1871 that excess was £8·14; in 1881, £4·99; in 1891 it had dropped to £0·68 (that was a very bad time); in 1901 it was £1·38; in 1905, £1·71; and in 1906, £1·11.

16965. (*Mr. Maddison.*) I gathered from your evidence, with reference to these merchants' committees, that you think that the two, shipowner and shipper, occupy the position of buyer and seller?—Yes.

16966. And that you do not see any reason why you should be subjected to arbitration about prices, any more than any ordinary seller of goods?—Quite so.

16967. Then I understood you to say that the object of Conferences was to prevent competition?—The object of a Conference is to prevent a cut-throat competition between the parties who join the Conference.

16968. So that, so far as you are concerned, you rather give up the idea of competition between yourselves, at any rate?—Yes, we do, distinctly.

16969. Why do you give it up?—We give it up because, having regard to the peculiar nature of our trade, if you run on the competition, the obvious end is bankruptcy. You must remember that in a trade like this, you can go on for a great many years, perhaps, 20 years, apparently making money, that is to say, you will get a surplus every year, but all the time your property is depreciating. It is quite easy for a person to come into the trade and for him to go on for, perhaps, 20 years, really making a loss the whole time, but never being brought up short till one fine day he comes a tremendous crash and he finds his capital property has entirely disappeared. That state of affairs was going on, and the rates of freight during this competition between regular Lines had got down to such a level that, obviously, there was only one end staring people in the face, unless they came to some accommodation. That was the original cause of these Conferences. They were brought about by the fact that there was no other means, as between a lot of powerful rivals in trade, unless they came to an understanding, of preventing bankruptcy.

16970. Then, the shipping trade illustrates the Marxian theory that free competition kills competition?—Yes.

16971. Then there is a domain in which competition is impossible?—It is impossible unless you are prepared to see each competitor in succession sent to the Bankruptcy Court, which, of course, is not the object of going into business.

16972. According to that view that you have given us, the shipowner does stand on a different footing to the ordinary trader?—I do not admit that in the least.

16973. Is it your case that free competition always kills everybody in ordinary trade?—I think you will find that most people will tell you so too, and that there is very little free competition.

16974. Very little free competition?—Yes, I think you will find it so. Take the Colliery proprietors; they have generally got some understanding about their prices. I am certain the steel manufacturers have all got an understanding about their prices. I think you will find that, as a general rule, the labourers you employ on the ship have got an understanding about their prices, called a trade union; I think it is rather apparent there, too.

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16975. Is there not a difference between an understanding and a system by which you confine the purchase of an article to a given number of firms?—I beg your pardon—"by which you confine"——

16976. The purchase of an article to a given number of firms, so that the shipper must give his produce to a given number of firms?—That is to say, only a given number of firms are selling the article?

16977. There are far more than that number selling, but your Conference prevents the shipper from taking his freight to an outside firm?—Supposing we say that the union men will not work for the people who employ blacklegs; is that any different in principle?

16978. I suppose there is a great difference, but I think I am being questioned now?—I beg your pardon.

16979. I am not sure that it is not convenient this time. However, you place Shipping Rings on the same footing as unionists who will not work with blacklegs?—Surely a Shipping Ring is simply a trade union. I think, if I am not wrong, one of the leading cases which was quoted in connection with the Taff Vale decision, on which the trade unionists relied, was a case called the "Mogul" case, which was a case that arose out of this very Conference, and was the very legal case on which the Conference was justified.

16980. In the case of the trade union, at any rate, do you know of any exactly parallel case to yours—but I think I will not pursue that, because I could not do it fairly to you unless you questioned me in return, which I am not particularly anxious for just now, nor are you. But I will ask you this, at any rate—it is a fact that the primary object of a Conference is to prevent competition?—The prime object is to prevent a competition between the people forming it. It is a collective selling of what we have got to sell, and it is to prevent competition between the sellers.

16981. Supposing a fresh Line wants to come into your Conference, is he always free to come in?—Of course, we should not like it, and we should do our best to keep him out, but I do not believe that any Conference can stand against a Line that is prepared to come in and is prepared to give a regular service, is prepared to give the shippers what the Conference gives, and is also of such a character that the shippers really—I do not mean to say in the sort of speeches they make at meetings, but from a business point of view, prefer the new-comers to the old-comers. If the new Line that tenders itself in the trade is going to offer, to the merchants and to the shippers something which, on the whole, they think they like better than the existing Conference gives them, there is no power on earth can keep them out.

16982. When I asked you if you would admit a fresh Line, you said you would do your best to keep them out?—Of course, I should.

16983. Do you know any trade union that ever has tried to keep out a firm that is willing to come into union conditions?—I think we have sometimes heard of a Trade Union that exacted an entrance fee before they enrolled members, have we not? It is not uncommon to exact an entrance fee.

16984. From a firm?—No, before you enroll a gentleman as a trade unionist.

16985. There is an entrance fee to your Conference, is there not?—No, there is no entrance fee unless we can get it. We have never charged an entrance fee to anybody.

16986. I merely wanted to know if you had ever known a Union that was not willing to admit members who were willing to come and work on their terms; and I thought there was a difference between the two there, because you do not want new members. you say?—Certainly, we do not want them.

16987. On the other hand, Trade Unions are anxious to get them. I think there is a little difference there, is there not?—I have heard, for instance, that the Coalheavers' Union of Birkenhead exact a very heavy fee before any other gentleman is allowed to become a coalheaver.

16988. That would be through some peculiar offence he has committed?—No, I mean a gentleman who seeks membership. I am told those Unions are very close.

16989. I can assure you they are quite the exception, and that the ordinary Union is only too glad to get every man into it; but you are not, and I think you will agree that you differ there?—On one point apparently we do differ.

16990. Supposing you do admit a fresh Line, would you restrict the number of ships he could bring in at all?—Of course, that would be a matter of bargain. If a fresh Line came forward and wished to join the Conference, no doubt it would be a matter of discussion as to what terms.

16991. I want to see where we stand. You first of all would do your best to keep the fresh firm out?—Certainly I should.

16992. And even if you are bound to have him in you would try to restrict his ships?—Yes, very naturally.

16993. Supposing he got in and his trade increased on that route or berth, or whatever you call it, would you try to prevent him adding to his fleet?—Suppose, for instance, we made an arrangement with another Line that they should, say, have one sailing a month, which is very common in many trades—not in this particular Conference, but in many Conferences where every person is restricted to a certain number of sailings—there are such Conferences I can assure you—if we made an agreement with a firm that they should only sail once a month, I have no doubt we should expect them to keep to it.

16994. What allowance do you make for the expansion of trade?—We build a new ship as fast as we can lay on when it is wanted.

16995. Might there not be one member of your Conference that could not build fresh ships?—He would very soon find his place taken by somebody else. The whole idea of keeping the merchants' goods lying at the port by refusing to provide tonnage is utterly impossible.

16996. I am not troubling just for the moment with the merchant?—Do not think I want to quibble about the thing, but the position you are rather suggesting is an impossible position, which could not possibly arise. The only thing on which this Conference is based is the fact that it supplies the requirements of its customers. It is quite easy to keep the customers to you as long as you do what they want you to do; but directly we start putting impediments in their way, directly we start putting ourselves in such a position that we could not carry their cargo for them, directly we could not meet the expansion of trade, then we should not last six months, and the whole thing would "bust" up. There would be quarrels amongst ourselves, and I am quite certain we should find there was somebody who wanted to get this surplus, and that if one person did not care to put on enough steamers somebody else would be only too pleased to provide some more.

16997. You allocate certain districts to certain firms in your Conference, I suppose?—That is usual, and that is what we have done.

16998. You said your share was the West Coast?—That is our share.

16999. Do you think that it is in the interests of trade that in the West Coast the merchants there should practically take your ships or nothing?—There are three Lines, you see, running from the West Coast—the O.S.S., the Mutual, and the Mogul.

17000. Suppose the West Coast merchants prefer some of the others that are not in the Conference; I suppose they would have to do without?—I do not think the others would go there.

17001. What about the Manchester Ship Canal; is Manchester a Conference port?—Yes.

17002. So there is a good deal of shipping, I suppose, done direct from Manchester?—No we do not send steamers direct from Manchester. Nobody sends steamers direct from Manchester in this trade.

17003. Then, the people in Manchester have not a steamer in Manchester?—No, not in this trade.

17004. So they must send their goods to Liverpool?—Or to London.

17005. Do you think that is good for trade?—Yes, I think it is.

17006. Which trade—yours?—Everybody's trade.

17007. Why?—Because I think the cheapest way of

sending goods from Manchester to China is to send them by rail or flat to Birkenhead and then to send them on from there. I do not consider that the Ship Canal, taken all round, is an economy.

17008. That is the Liverpool view, is it not?—You may say it is the Liverpool view, but it is also my view.

17009. It is difficult to separate you and Liverpool?—I am afraid Liverpool thinks the point easy enough.

17010. That is one of the weaknesses of Liverpool, but I do not know whether this comes into our reference. I suppose there is an agreement between the members of this Conference?—Certainly. Has it not been handed in? I thought it had, and that the Chairman referred to it. It is referred to in my proof.

(*Mr. Maddison.*) That is one of the reserved questions; I beg your pardon.

17011. (*Chairman.*) I think what you have got to say about the Conference had better be said in private, had it not?—I think it would be very much better.

17012. (*Mr. Maddison.*) In reference to these very interesting figures, about the increase in cargo, have you any statistics as to the way tramp steamers have gone on during that period?—No, I have not.

17013. I suppose tramps have increased?—Undoubtedly.

17014. They have increased in number?—I have no doubt they have. I am sorry to say that we have never been interested in tramps, and we have never had any, so I really know nothing much about them except from hearsay.

17015. (*Mr. Owen Philipps.*) In reply to a question, you stated that the Conference had abolished competition; is it not the case that the Conference has only abolished competition in the matter of rates, and that there is competition amongst members of a Conference on other points?—Quite so. It is only an abolition of competition between themselves in rates. Beyond that, they do compete as regards service; there is a keen competition as regards service.

17016. Do the figures that you have given us apply only to the outward trade?—The figures as regards quantities apply to the outward trade.

17017. (*Professor Gonner.*) How is silk carried home? Is it only carried by the mail steamers?—If I might ask on the point of order, are we going to deal with the homeward business separately?

17018. I thought we were dealing with all the China and Japan trade?—I understood we were dealing only with the outward trade.

17019. (*Chairman.*) No, we are dealing with the homeward trade from China and Japan also?—I beg your pardon. Silk is carried entirely by mail steamers.

17020. (*Professor Gonner.*) You do not carry silk?—No, we do not carry silk.

17021. The rates on silk are fixed, I suppose, on a very special basis then?—It is a very special article altogether. I believe it practically almost entirely goes to Marseilles. At any rate, the great bulk of it goes to France.

17022. In the homeward trade with regard to rice and oils from Japan, are those things entirely open?—Since the issue of that circular oils have been brought into the Conference, so that you might put your pen through the reference to oils there.

17023. Rice is entirely an open article, is it not?—Rice is an open article.

17024. That means to say that you do not grant a rebate on it?—We do not pay a rebate on it.

17025. And there is no disloyalty in shipping that by other boats?—No. I was asked these specific questions, and I have got the answers here. Oils have been placed on a rebate basis from the 1st November, 1907. Loyalty is not required for rice, the trade in which is open, but it is required in respect of silk and treasure.

17026. Loyalty is required in the case of silk and treasure?—Yes. You will quite appreciate that silk and treasure are special articles which must go in the mail boat, and there can be no question about it—the person sending them cannot help himself for other reasons.

17027. They could not go in other than mail boats?—They could not go in a tramp steamer, they must go in a mail boat. The rice trade from Japan is not a very large trade, and you must not compare it with the rice trade from Burma; the bulk of it (*i.e.*, from Japan) is a very fine quality of table rice.

17028. Is it shipped in whole cargoes, at all?—No, it is not. The special provision about rice was put in at the beginning, but it is really an obsolete provision, and it might just as well be put out.

17029. The provision might just as well be deleted?—I do not think it makes any difference as things stand at present.

17030. Are there any goods from China and Japan which are capable of being shipped in whole cargoes?—No. The only thing I have ever heard of—I am talking of recent years—in those quantities, is a certain kind of timber coming from Japan. There have been one or two rather fancy shipments of timber. Then there is the great thing Mr. Schlee made so much of—one particular cargo of tea.

17031. Taking it on the whole then, there is no possibility of chartering whole vessels in this trade?—No. Speaking off-hand, without having verified the figures, I should say that the ordinary steamer loading on the berth from China and Japan home, take a steamer of, we will say, ten thousand tons cubic capacity, would be lucky if she got 3,000 tons of cargo for home ports between Japan and China put together, taking one thing and another. There is a new trade springing up from China which seems to be developing some volume—a trade in seeds which may become a big trade; but, broadly speaking, the regular steamers on the berth do not get a third full on the homeward voyage between China and Japan.

17032. Do the shippers from China and Japan ship in largish parcels, or do they ship in very small parcels?—Mostly in small parcels, I should think. 150 or 200 tons I should think would be a good shipment for one shipper.

17033. Is there any relation between the China tea rate and the Calcutta tea rate?—No, none at all.

17034. Can you account for the very great divergence between the China tea rate and the Calcutta tea rate? I dare say you saw in the evidence which has been given to us that it was commented on?—I saw it had been mentioned. All these things have a sort of historical origin to begin with. If you go back very long—to 40 years ago—when there were these tea races from China, you will find the fashion grew up of paying very high rates of freight for the first teas, and similar things. There is no doubt that the tradition of that, to a certain extent, remains. The tradition of what happened 40 years ago is partly responsible for the existing rate. The tea trade from China has not been increasing. You cannot bring out cheap tea from China, by reason of the export duties. There is an export duty in China which makes the shipment of really cheap teas to compete with the Indian tea practically impossible; you cannot put really cheap stuff on the market. Therefore only the relatively higher grade qualities, as I understand, can be put on the market here, and they can naturally afford to pay a very reasonable rate of freight. The Calcutta trade has sprung up very rapidly, and it has sprung up in very large quantities. For instance, if you were loading home from China and Japan, you have to load your steamer at four ports, that is two ports in Japan and two ports in China, namely, Yokohama and Kobe and Shanghai and Hong Kong. Having loaded at those four ports, you have about one-third of your cargo. Whereas a person loading at Calcutta would load at one port and get a full cargo. The loss of time and the risk and the other things that are involved in calling at several different ports make an enormous difference.

17035. Does not the decrease in the China tea trade seem to show that it cannot afford to pay the high rates?—No, I do not think so at all. I think the decrease is due to quite different causes.

17036. You say it can afford to pay the high rates, but I assume that is merely your own personal view of the situation?—Quite.

17037. The trade has decreased, and that does not initially suggest that it can afford the rate?—I think it has decreased from other causes. There has been a patriotic agitation going on in this country all

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along. I remember people being implored to drink British-grown tea. It is quite a common thing to hear people imploring them to support British industries and drink tea grown in British Colonies.

17038. It is said to spoil people's digestions?—I know it spoils people's digestions, but I do not think the deduction of 10s. per ton in the freight, which would not reduce the price of tea, would induce a man to save his digestion at the expense of his patriotism.

17039. You do not think such a reduction would have any material effect on the price of tea?—Ten shillings per ton represents about one-sixth of a penny per lb.

17040. It would not penetrate or appeal to the consumer?—I do not think it would have any material relation to the matter at all. I do not think a reduction of one-sixth of a penny per lb. would induce many people to take China tea who now take Indian tea.

17041. Probably it would not penetrate at all to the consumer. Is it purely from an historical sentiment that you continue to give that 5 per cent. immediate discount?—I think it is, now.

17042. You cannot tell of any other reason which could lead to its continuance?—I know of no other reason. I have made enquiries on that particular point, as I have been asked this particular question. My answer is that the rebate or discount of 5 per cent. referred to is the return of half the primage, and such allowance is made in London as well as in Liverpool. I believe it to be a survival of an old custom to allow half the primage to the forwarding agents of merchants doing their own forwarding business, which likewise applies to other trades. I believe that was a London custom and not a Liverpool custom.

17043. It is not done in very many trades, is it?—I do not think it is.

17044. I think you are one of the few Lines that do it, are you not?—It is a thing we only do in the China trade. In the other trades in which we are interested we do not allow this.

17045. You would not in the Straits trade?—That goes with China. But, for instance, to Java, we do not allow the 5 per cent. It is not returned to Java, and I do not think it is returned to Australia, as far as I know.

17046. As far as you know, there is really no reason for its retention?—No. I do not know of any reason for its retention.

17047. Is there any reason why primage is retained as a portion of the freight?—I suppose the real reason for charging primage is to make the freight appear less—I imagine so. It is a survival of an old custom. One has heard all sorts of stories about it—that it was the captain's perquisite, and Heaven knows what. It is a thing that has survived for Heaven knows how long past.

17048. The retention of that has, you quite understand, the result that the freight does appear less?—Yes.

17049. And also that the rebate is only given on the rate of freight, but is not given on the primage?—I do not think anybody who is starting in a new trade with a clean slate would start with the primage or with the 5 per cent. It is simply a survival of things that have grown up, and you know how very difficult those sort of things are to abolish.

17050. (*Chairman.*) It is only a matter of form, is it not?—It is really only a matter of form.

17051. (*Professor Gonner.*) You said, when you were speaking about the publication of a classification, that you would object to commit yourself ahead, and to publish fixed rates; but I thought one of the main advantages claimed for a Conference was that it enabled people to make their bargains ahead, knowing quite well what the rates would be, and that the rates would be maintained. How do you reconcile those two positions?—First of all, I distinguish—I do not know whether you distinguish or not—between a publication which is a printed document that gets into the hands of anybody, or may get into the hands of anybody, and may give anybody an idea that he has some sort of claim to use that printed document—and an intimation made to the people with whom you are actually dealing as to the terms on which you are prepared to deal. You may be quite ready to bind yourself, as we are ready to bind ourselves, ahead, to responsible people that we know something about; but that is quite a different thing to committing yourself ahead to a person you have never heard of and giving a person you have never heard of, and whose existence you know nothing about, a right or something that he thinks is a right, to say that you have made him an offer which you have never revoked, and which he now wishes to take advantage of.

17052. Of course he could not claim on the offer unless he has shipped by you. The advantage which has been put before us repeatedly is that under a Conference system everyone knows what he is going to pay for freight, and he is relieved from anxiety as to its fluctuations, and therefore he can make bargains ahead. If you refuse to give, I do not say a notification to everyone including people out of the trade, but if you refuse to give to any person likely to be in the trade a notification, you nullify that advantage, do you not?—I submit that as far as I know everybody in the trade does know, and it is pretty well known in the trade.

17053. Would you give a print of your classification, which I have had the privilege of seeing, to your customers?—No. We should give them the information contained in it.

17054. Then they have not got the classification for reference at home, but they have to come to you?—They have not got it for reference at home, but the rate is well known. People are always dealing in the same article, and the rate is well known to them.

17055. Is it not rather inconvenient not to have some means of obtaining such facts without trouble?—They have the means of obtaining them without trouble. They have a daily visit from a broker, I think I am right in saying, who communicates the fact to them. These people are in daily communication with our representatives.

17056. If you were going to give it to that extent, what is your real objection to its publication? That is what I cannot see. If your brokers are going round daily giving the information, why not publish it?—Because the man who goes round daily and gives the information is in a position to revoke it, or correct it, at any moment; whereas if you have once given your publication, it gets into the hands of a person, possibly, very likely a person who is rather too sharp, who, having heard by word of mouth that there is an alteration, and not having been officially supplied with a copy of it, takes advantage of that fact, declares he never heard there was an alteration, and is determined to act upon a document which was given him twelve months ago. That is the real objection we always had to handing these things and scattering them about in that form.

17057. Of course railways are able to afford a good deal of information as to their rates, are they not?—But you must remember that a railway is a very different body to a steamship company, and is existing under very different circumstances.

17058. I do not see why that should affect the question of the classification, though I recognise that there are differences in many other ways?—A railway company is a body that is under statutory obligation to carry at certain maximum rates.

17059. Under certain maximum rates; it does not always carry up to the maximum?—To carry at rates not exceeding a certain figure. A railway company is under all sorts of statutory obligations.

17060. At the same time, as it does not carry all its goods at the maximum, I cannot see why your objection to some form of publication of the classification holds. Why should you have any objection to stating that the rates can be seen, for instance at the Chamber of Commerce—that they could be posted there, or that there could be some place where everyone could refer to them; or, do you desire that the people shall come to your office?—No, I assure you that is one of the last things we have got a desire for, and as a matter of fact they never do that. Our customers with, I think about two or three excep-

tions, do not reside in Liverpool. The merchants who conduct the business are almost entirely resident in London, or sometimes in Manchester, but the way in which the business is actually conducted is, that our brokers in London call at the office of all the important people once or twice a day.

17061. But not the unimportant people—not the lesser people?—I do not know; I think they go to the lesser people, too.

17062. Should you have any objection to there being certain specified places where copies of the rates, kept posted up to date, could be seen?—No, I do not know that I should, if you put it that way. I do not believe there would be any objection to that. What there would really be an objection to is to distribute copies broadcast.

17063. Because then you could not rectify changes?—Yes, and because it might drop into the hands of people you know nothing about, and with regard to whom you have no means of correcting the matter. That is where the real objection is.

17064. (*Chairman.*) You object to the circulation?—I object to the circulation of the book into the hands of people where we have no means of tracing it.

17065. It is not the publication but it is the circulation that you object to?—I would not in the least object to the publication or to the putting up of the rates at the Chamber of Commerce.

17066. (*Mr. Owen Philipps.*) Is it not the fact that the big German Lines circulate classifications wholesale?—I think it is very likely.

17067. And that it works satisfactorily in Germany?—I think they generally manage to find themselves covered with a great many more forward engagements at low rates than anybody else when it comes to getting the rates up.

17068. (*Professor Gonner.*) There are uniform rates stated for nearly all your freights; you have a uniform rate for nearly all cases, have you not, with the parties to the rebate circular, or does not that happen with regard to all parties?—Our Conference, I may say, is rather in branches. There is the west coast; and there is the east coast and Antwerp which work together. The rates by all Lines in the Conference from the west coast, with the exception of one Line, which I will speak about later on, are the same, and the rates by all the Lines from the east coast and Antwerp are the same. But I am not prepared to say that under all circumstances the rates from the east coast of England and from Antwerp are exactly the same; they generally are, but they have been different.

17069. They are supposed to be the same, I understand?—They are generally supposed to be the same.

(*Chairman.*) I think we had better reserve these questions.

17070. (*Professor Gonner.*) Your general contention, I suppose, if we go into general matters, is this, that a system, such as a Conference, really enables shipping to be done, I assume you would say, better and cheaper than would otherwise be possible?—I should say that under this system a merchant gets those things which he most requires at the most reasonable price. He gets facilities and the accommodation which are most advantageous for his business, at as cheap a price as they can be provided for.

17071. In other words, you would look on the shipping trade, the trade of transport by sea, as one of those cases where monopoly, or partial monopoly, or guarded monopoly, is essential to satisfactory conduct and cheap carriage?—Certainly; it is so absolutely.

17072. And you treat it in that respect as somewhat exceptional in regard to the general trade?—If you put it in that way, I am not prepared to say that it is necessarily exceptional. I do not believe that unlimited competition is ultimately and in the end conducive to providing a good article at a reasonable price.

17073. At the same time, you would not like to commit yourself, I suppose, to the other extreme, that monopoly is invariably advantageous?—No. I think you will probably agree with me that an intelligently-worked monopoly worked genuinely in the public interest, is bound to produce the article at a lower price than any other form?

17074. Is bound, I should say, to be able to produce the article?—Bound to be able to produce the article if it is properly done; I will put it in that way. It is bound to be able to do it in the cheapest possible way.

17075. Under certain circumstances—we need not go into them—the trade of carriage by sea is among the things in which monopoly advantages tend to show themselves?—In which there are great monopoly advantages; and within reasonable restrictions, I think it is the only way to provide the sort of service which is best for the merchants, and which is best for the sellers of goods.

17076. (*Chairman.*) The number of tramp steamers far exceeds the number of steamers belonging to Conference Lines, I believe?—I should think that is very likely.

17077. In the proportion of two to one, I understand?—It is quite likely to be in the proportion of two to one.

17078. (*Lord Inverclyde.*) In capacity?—In number.

17079. (*Chairman.*) The tonnage of tramp steamers exceeds that of the Conference Lines, does it not?—I think that is quite probable.

17080. Now, the business of tramp steamers is not conducted on the principle of the Conference system?—No, it is conducted on a different principle.

17081. So trades may flourish with competition?—Certain trades, yes.

17082. I thought one observation you made was rather inconsistent with that?—If I might observe, the trades in which the tramps carry on their business are almost entirely trades in which very large quantities of an article of a comparatively low value, or of rough quality, are being shipped by a small number of individuals.

17083. I quite agree with you in regard to their character?—Take a trade like the grain trade from Karachi, or the trade from the rice ports. If you want to load a ship at Karachi you make a definite charter with the merchant, and the ordinary form of charter is something like this: We will assume you have got a ship of about 5,000 tons capacity; you contract with a man to ship 5,000 tons, 10 per cent. more or less, or 5 per cent. more or less, at your option at a certain rate of freight within certain times. If you tender your ship to that merchant he is obliged to ship the whole of those goods, whether the market has gone for him or against him, on those particular, definite terms. That is the usual contract and form of business in which the tramp business is done. Homewards we carry rice from Saigon and Burma on those terms. We make a definite contract for a definite quantity of stuff, with a margin of 10 per cent. or 5 per cent. at the option of the shipper.

17084. (*Lord Inverclyde.*) Is it not the case that Conference Lines frequently charter tramps?—Yes, they frequently do charter tramps.

17085. So in regard to the figures which the Chairman has referred to, many of those tramps may be running as liners?—Some of them are running as liners. That is not uncommon. That is what we do. If we find a sudden spurt in trade makes our own steamers unable to cope with the difficulties, we at once charter one of these tramps.

17086. (*Sir Alfred Bateman.*) I think I understood you to say that all shipments, large or small, are charged alike; is that so?—Yes.

17087. So if you were offered a very large shipment, you would not make a contract with the man for a small freight per ton?—No. Of course if a man came forward with an altogether abnormal quantity of a certain article it is quite possible that he might force us to reduce the rate, not only to himself first of all, but to other people also.

17088. That is a different thing; in that case you would alter your classification or your rate?—We might alter our rate. We would not make a special rate for that.

17089. You would not make a special rate for him?—No.

17090. So that in that way you are an advantage to the small people?—We are an advantage to the small people.

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17091. I did not understand that you claimed that?—I thank you for drawing my attention to it

17092. (*Chairman.*) On account of what fell from Mr. Maddison, I want to make the following point clear if I can: Of course, it is to the interest of shipowners that the trade in which they engage should flourish?—Quite so.

17093. That is also the desire of the merchants?—Quite so.

17094. On the other hand, the merchants wish to pay as little freight as possible?—Generally.

17095. The shipowners, from a similar motive, wish to get as much freight as they can?—Quite so.

17096. In these respects the position of the shipowner to the merchant does somewhat represent the position of the employer to the workman?—The position of the workman to the employer.

17097. I say so?—I thought you said the position of the employer to the workman.

17098. I will agree to your correction?—I regard the shipowner as the workman and the merchant as the employer.

17099. I put it to you, that there is that resemblance?—There is that resemblance.

17100. (*Mr. Maddison.*) I should like to ask you this question—whether you can carry the resemblance this stage further, and show me where a Trade Union ever imposes a penalty upon a firm?—Do you suggest that no Trade Union has ever said to the masters, "If you employ blacklegs we will charge you 10 per "cent. extra."

17101. (*Chairman.*) If I might interpose, I do not think that question arises, because no penalty is imposed in the present case?—That is so.

17102. (*Mr. Maddison.*) Not if the rebate is forfeited? It is a deterrent then—a pecuniary deterrent. I am quite willing to take it at that, and I want you, if you can, to give me a parallel case?—I think the action of the Trade Union has usually been of a very much more drastic character—"If you do not give us "all your business we will have nothing to do with "you." It is as though we said to our customers, "Unless you sign a declaration that you will ship "by our Line only we refuse to carry your goods." That is the position of the Trade Union—"If you do "not employ nothing but Union labour we decline "to work for you."

17103. I want a case where a union in order to make sure of that has exacted from the employer a pecuniary deterrent—I believe that is the only word?—The union have acted, if I may put it, in a much stronger way. They say, "All your business or we will have nothing "to do with you."

17104. It is exactly the same with you?—We say, "If we get all your business we will give you 10 per "cent. on the business."

17105. Or, rather, "If you do not give us all your "business you forfeit something"?—No. "We give "you a 10 per cent. advantage for all your business."

17106. (*Chairman.*) I think we are going away from the object and scope of our Commission. I put those questions to you only for the purpose of indicating that the similarity of the position which you admitted may possibly lead to the inference that the two cases should be dealt with in a somewhat similar manner?—Then we should have the advantage of the Trade Disputes Act extended to us.

(*Mr. Maddison.*) You have it now.

17107. (*Chairman.*) Will you now kindly give evidence about the Straits Homeward Conference. I shall ask you only a few questions, and then I shall leave it to Professor Gonner, who has especially studied the subject. The Conference of steamers engaged in the Straits Homeward trade was established in 1897, was it not?—In its present form, yes. I understand that the first Conference in the Straits Homeward trade was formed in 1885, and continued till 1887, and that another was formed in 1893 and continued till 1895. The present Conference was formed in 1897.

17108. Before that Conference was established, was there great fluctuation in the rates?—There was a considerable fluctuation which finally ended in a tremendous fall, and a fall to a very low level.

17109. What made the rates fall so low?—The change in the nature of the trade, which I mentioned this morning. Originally the trade was carried on for the sake of the homeward cargoes from China; that was the original motive for entering on the trade. Goods from the Straits were only occasionally put in if they chose to pay a high rate of freight to possibly fill up an odd corner or possibly a little space was reserved for them. Then the trade changed to an outward trade, that is to say, the trade was then being conducted for the sake of goods from England to China, with the result that the space offered homewards became greatly in excess of any cargo that there was; and very naturally, in the absence of any agreement, there became a regular scramble between all the people whose ships had to come home for what cargo there was, with the result that the rates fell on ordinary cargo, I think I am right in saying, as low as 5*s.* per ton. Of course, that was not a state of affairs that anybody could exist on.

17110. At that time, I believe the trade was confined to a comparatively small number of large merchants, was it not?—That is so.

17111. And much of the produce was very suitable for chartering?—Yes. It was the same produce, but in those days it was quite easy to charter a small steamer, though that is not now possible.

17112. I find one of our witnesses stated that the competition for cargoes had become so keen in 1896 that the rates to Europe were as low as 5*s.* for tin and 6*s.* 3*d.* for cocoa, sago, tapioca, pepper, and other things?—That is correct.

17113. Of course, that was a condition of things most unsatisfactory to the shipowners?—It was quite impossible.

17114. They therefore attempted to form a combination in the year 1896?—Yes.

17115. And that was represented in that document which is known, at any rate, by the term of the Secret Agreement?—Yes.

17116. But it is a secret agreement known to everybody, is it not?—You may naturally suppose that the contents of the agreement were not communicated to people whom it did not concern, but I think the substance of it was well known.

17117. Who were the parties to that agreement?—Have you got a copy?

17118. Yes, but I will tell you our position: We have a copy which was confidentially communicated to us, so I wish you to tell us about it?—I quite understand. You really want me to prove it.

17119. You have no objection, have you?—Not the least. The parties to this agreement, of which I will hand you a copy, are a large number of steamship companies—about 20 or 30, "hereinafter called the "steam shipowners," and "Messrs. Adamson, Gilfillan "& Co., Arnold Otto Meyer, and Edward Boustead "& Co. (hereinafter called the freight agents)."

17120. What about Behn, Meyer & Co.?—Behn, Meyer & Co. are a Singapore firm representing the firm of Arnold Otto Meyer in Hamburg. They are the same company.

17121. Those three firms are called the freight agents?—Yes.

17122. Why are they called the freight agents?—I really do not know. It was before my time, and I was not personally a party to drawing up the agreement, so I cannot say.

17123. I dare say many of them were agents for other merchants?—They were agents for steamship companies. I think it is probably merely in order to have specific names for the purpose of the agreement that these three parties were put in under the name "freight agents."

17124. These firms agreed to discontinue chartering by sailing vessels or steamers, except those belonging to the Conference Lines?—Yes.

17125. You are going to put in this document, I think you said; I should be much obliged if you will do so?—Yes, I will. (*See Appendix* XXV.)

17126. You have no objection to its being made public at all, have you?—No; I do not see any objection to its being made public. The sooner it is published the better, I think.

17127. There can be no objection to it?—There can be no objection. The points of it have been already published about ten times.

17128. I should like to direct your attention to the second clause. In return, the shipowners agreed that when the average rate of freight in the Straits during each of the six-monthly periods amounts to 25*s.* or over per ton, they will pay into a common fund "5 per "cent. on the gross amount of freight" secured, and that sum is to be paid to the P. & O. Co. and to be handed by them to Messrs. Boustead & Co., and then distributed by these freight agents among themselves and certain other firms?—Yes.

17129. Have the freight agents a discretion as to the other firms who are to participate?—Yes.

17130. They can refuse, therefore, and they need not allow every firm to participate?—Certainly. If I may say so, we have no official knowledge, and I am not sure whether we have any absolute knowledge of how the money is distributed.

17131. Messrs. Boustead & Co. are the firm that distribute?—They are the firm. Of course, as you know, when you undertake to make a legal payment, and the money is legally due, you must make it clearly understood to whom it is to be paid. This simply means that Boustead's receipt frees us. They were selected by common consent as the persons who should receive the money and give a receipt for it.

17132. Do you know whether they take the opinion of those who represent the different Conference Lines as to the firms who ought to be admitted to the distribution?—I really cannot give you anything in the nature of what you may call evidence as to how the three firms dispose of the money.

17133. I suppose the P. & O. Company could give us evidence on that point?—I do not think they could; in fact, I am sure they cannot.

17134. Who can?—I think you would have to ask one of those three traders. The money which you see is paid over under this agreement to them is dealt with in a certain manner if they think fit, and though I may have suspicions as to what happens to some of it, I have no evidence on the subject.

17135. Still some firms are preferred to others?—Undoubtedly. I have not the smallest doubt that is so.

17136. By what principle is that preference regulated?—Now honestly this thing is outside my knowledge. I do know that they give some of this money to certain firms; I know of at least two or perhaps three firms that do get some of it, but how much they get I cannot tell you.

17137. Still, you are a party to the agreement which enables a certain firm to distribute money in any way in which that firm thinks proper?—For a certain purpose.

17138. For what purpose?—The purpose is set forth in the agreement, is it not? What they are to do is, they are to give up chartering directly and indirectly, and they are to prevent other people from doing it.

17139. It is rather a dangerous power to give, is it not, by the exercise of which they can prefer one firm to another?—You have to consider the first clause of this agreement really, which contains the explanation of the consideration for the money; that is, they have to give up chartering directly or indirectly. Historically, these particular firms, which are the largest firms, used frequently to charter steamers—I think you have had it all in evidence before you—on which they made a substantial profit, doing as people have done in those trades in which chartering took place. They perhaps engaged a steamer of 5,000 tons, say on which they shipped 4,000 tons themselves, and let out 1,000 tons to other people at higher rates than they have paid themselves and made a profit. This 5 per cent. is supposed to represent the profit which these people had previously made out of their competing firms on their charters. That is what it was supposed to be.

17140. Professor Gonner is going to deal with this subject, and therefore I will only ask you one question as regards the rebate circular. There is a rebate system applied here, is there not?—There is a rebate system independently of this altogether.

17141. And you have been good enough to put in the circular?—I think you have the circular. That circular is practically on all-fours with the circular in the outward trade; there is no material difference between the two.

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17142. So that there are really two systems which prevail in this particular trade—the system of deferred rebates, which applies to all merchants——?—Yes.

17143. And the system which is created by what has been called the secret agreement?—Quite so.

17144. (*Sir Alfred Bateman.*) You put in an Appendix (Table B.), (*Appendix* XVIII.) the homeward rates of freight from Singapore and Penang from 1875 to 1885, inclusive, and for 1907, in which I notice two or three cases which have been brought before us, especially the case of tin, in which there is a very large increase between the years before 1885 and the present year, namely, an increase from 7*s.* 6*d.* to 25*s.*?—That is so.

17145. What is your explanation of that?—First of all, going back to the beginning, the cargo was taken from the Straits to fill up, or as a sort of supplement and a convenience for ships which had primarily gone out to load home from China and Japan. The cargoes that they were loading home in those days were mostly tea, silks, and things of that sort—bulky articles, that is, articles in which the proportion of measurement to weight was considerable. The steamers in those days also were of course of the old-fashioned type, and were always glad of some close ballast. They were therefore very anxious to get this stuff, and consequently there was a regular scramble to get tin, which people particularly wanted under those circumstances. That, I think, was largely the reason why the rate of freight on tin ran down so low. Then, when people came to terms and began to make arrangements for working jointly, we all thought that the rate was too low—7*s.* 6*d.* per ton for carrying 8,000 or 9,000 miles goods worth from £90 to £190 per ton was not a sufficient remuneration; and we thought, and I certainly think very strongly, that 25*s.* per ton is a reasonable rate to charge for the services rendered.

17146. Have you had complaints about that rate?—Yes, frequently.

17147. But you have paid no attention to them?—I paid a great deal of attention to them, and I came to the conclusion that they were ill-founded and that they were not reasonable complaints.

17148. You base your conclusion partly on the value of the article?—Yes. You will observe that the reason that value affects us is in case we have to pay a claim for loss or damage of the article. That is the point on which value affects us.

17149. You mean that you pay more insurance, do you?—No, but suppose we lose it and have to make it good——

17150. You pay insurance for that, surely?—No, we do not insure anything. I am not referring to cases of loss by shipwreck, but suppose a man delivers to you 100 slabs of tin and you have only got 99 at the end of the voyage, then you have to pay for the hundredth. That risk is an element in setting your rate of freight.

17151. There are one or two other articles I notice that have very much increased; gum, for instance, has risen from 20*s.* to 50*s.* per ton; is there any special reason for that?—No. It is not an important article.

17152. Then, tapioca had gone down to 25*s.* in 1884, it rose to 30*s.* in 1885, and you charge now 42*s.* 6*d.*?—That is pearl or flake tapioca.

17153. That is not the most important?—No; it is not a very large article. I may say, that by far the biggest article is the first article, sago flour; that is the backbone of the trade.

17154. Have these rates that you have in this table been steady rates?—They have been very fairly steady.

17155. Very fairly steady for some years, would you say?—Of course, in comparing the rates of 1885 with those of 1907, you will not forget that the 1907 rates are subject to the 10 per cent. rebate, in accordance with the terms of the circular—which did not exist in 1885.

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17156. (*Mr. Barry.*) It was so in 1885?—Certainly it was not so in 1884.

(*Mr. Barry.*) The rates of 1885 are subject to the 10 per cent. discount.

17157. (*Sir Alfred Bateman.*) You say that in a note to the table?—Yes, I see. That is quite correct.

17158. May I take it from you that you do not think these increases in certain cases have interfered with the trade coming from the Straits Settlements?—No, I do not think they have.

17159. I notice in the official return there is a very large increase in the last year we have recorded, 1906, in the exports from the Straits Settlements to the United Kingdom, namely, from 5¾ millions to 9 millions?—Is that in value?

17160. Yes?—A change of value might cause that.

17161. But not as much as that, surely? Silver was higher then, but not enough to account for that. It means increased trade, does it not?—Still, take an article like tin, which has fluctuated from £90 to £190. It would not be candid to say that I think it probably means an increase of trade altogether.

17162. You have got no evidence for us showing a great increase of trade?—No; I think the homeward trade from the Straits, on the whole, has been fairly steady in total volume.

17163. Do you think you can say that it is fairly steady?—Yes, it is fairly steady in total volume.

17164. (*Chairman.*) Since what year?—For the last 15 years, I should think.

17165. (*Sir Alfred Bateman.*) And you claim that a certain tendency of direct shipments, from the smaller places, say, to Europe, has not affected the total?—I do not think it has affected the total.

17166. I suppose the increase would have been larger if the shipments had gone on through the Straits Settlements?—Of course, it would. But it does not follow that the shipments would ever have taken place at all if they had had to go through that route.

17167. Is it not a question of the rates on freight to a certain extent?—Of course, it entirely depends upon what you mean by a question of the rates of freight. If we had all decided, no matter how much we ruined ourselves, even if we paid a man a little money for the privilege of carrying his goods, we would have it taken through Singapore, I think it is very likely we could have forced it that way. It depends on what you mean by rates of freight. If you are determined to carry goods by a certain route regardless of profit or loss to yourselves, no doubt you can force it to go that way.

17168. They have been kept at this fairly high rate under your rebate system, have they not?—They have been kept at this average, which is the same sort of average that the rates at the adjacent places have been kept up to, by an arrangement which was entered into for the express purpose of preventing the abnormal circumstances which exist at Singapore allowing the absolutely ruinous breakdown in rates to continue. You have got it that the rates had run down to 6*s.* 3*d.* I put it to you as a matter of commonsense, is it possible for anybody to carry goods from Singapore to England at 6*s.* 3*d.*? That is, rather less than the rate charged by coasting steamer from London to Liverpool.

17169. In dealing with these things, have you dealt with committees or with separate firms?—We have discussed matters with these gentlemen as representing the other shippers. There are only, I think I am right in saying, about seven or eight very prominent firms—I forget whether the exact figure is seven, but it is about seven firms who are doing 60 per cent. of the whole business, and, apparently, always have done a proportion that is something like that; that is not very far out.

17170. It is a small number of firms, at any rate, who are doing that?—It is a small number who are doing 60 per cent. of the whole business; and no doubt we have dealt with that small number.

17171. But there is no representative body for that number, and you deal with the separate firms?—I think you may take it that the three firms who are named in what you call the secret agreement are, roughly speaking, the representatives of the other members of the 60 per cent. I think it was put in evidence before you that, roughly speaking, the shippers of 60 per cent. of the goods got some part of the secret return; and I think you may say that those three people may represent the 60 per cent., and are really authorised, though informally authorised, to speak for them.

17172. And the other people have not much to say in the matter?—The other people have not.

17173. (*Professor Gonner.*) Following that point that Sir Alfred Bateman raised, these seven people you think are representative of the trade and merchants in Singapore?—On the whole, I think they are.

17174. Is it not a fact that five, at any rate, of the seven are agents for the steamship companies?—I should think it very likely; I think that is probably quite correct. As far as I know, the whole seven may be.

17175. I suggest it because we have had it in evidence?—I do not dispute it for a moment, because I think it is probably correct.

17176. Would you not say that their interests as merchants and as representatives of the shipowners must be somewhat conflicting?—Yes, undoubtedly they are.

17177. Would you call them representatives of purely traders' interests?—No. As you know, in a great many parts of the world it is a very common arrangement for a merchant to represent both interests. There is no doubt that in representing both sides of the bargain he does not always perhaps study solely either one interest or the other.

17178. You can hardly take them as representing the interests, can you, of the merchants who are not agents to the steam shipowners and who do not receive the 5 per cent.?—I daresay you could not. At the same time I should be exceedingly sorry to take them as representatives of the interests of the steam shipowners.

17179. You would take them, I suppose, as representatives of themselves?—Of themselves, exactly. Perhaps I might be allowed to explain that our firm are almost the only firm that have agents there who are not merchants at all, but who are simply steamship agents. The P. & O. are in the same position; they have an independent agency, too.

17180. That 5 per cent. to preferred shippers, I think you will agree with me, really works out as an advantage to them on their own shipments of more than 5 per cent.?—Yes, a great deal more.

17181. About 8⅓ per cent., because it is as 60 to 100?—Certainly.

17182. If the object of the Conference is to put the small shipper and the large shipper on equal terms and you give a preference of 8⅓, that on a 30*s.* freight, I suppose, would be about 2*s.* 6*d.*?—Something of that sort.

17183. Then you hardly succeed in the object, do you?—No; but, on the other hand, they had a preference of about 5*s.* before.

17184. Did they have that preference of 5*s.*?—Yes.

17185. The evidence given to us was a profit of half-a-crown on the chartering?—Their profit may have been half-a-crown, but the preference may have been more, because the profit is the difference by which the surplus, the grand total, exceeded what they paid the shipowner.

17186. Therefore, I will not say you, but the agreement, perpetuates that profit, and it is so arranged that if the entire trade were to double they would receive an enlarged profit without doing anything?—If the entire trade were doubled, the amount of profit they would receive would depend on their percentages, would it not?

17187. No, they receive 5 per cent. on the total freights, so that the amount would depend on the total freights in the Conference?—Yes, it would.

17188. Irrespective of what proportion they paid?—Yes; but of course if they did not produce a large proportion, that is, if they were not doing a large part of the business, their security for the continuance of the agreement would have gone.

17189. Do you think that is a satisfactory system in a Conference?—I do not think it possible to have any other one.

17190. Do you think that a Conference is satisfactory which does give permanent preferences to a limited number of people?—If you put it as an abstract proposition I should say "No." I quite agree it is undesirable that preferences should be given to any persons, as an abstract proposition. But you have to take the situation as you find it. In this world you can never start with an absolutely clean sheet. You come into the position of 5 or 6 or 7 people, whoever it may be, in the position of getting this preference. Their position is so powerful and so great that they have got this preference, and it cannot be taken from them.

17191. The position really was this, that the shipowners were so anxious in their own interests of eliminating the chartering trade—because that is what I imagine is the object of this preference—that they initiated a preference which still continues?—Do not put it that they initiated a preference; they agreed to allow certain people——

17192. They gave a permanent bonus, then, we will say?—They agreed to allow certain people to continue an advantage which they had, and which they had hitherto had.

17193. But when they earned that advantage, is it not the fact that they had to undergo the risk and trouble of chartering?—They certainly had to undergo what you may call the risk and the trouble of chartering; but it was not difficult for them to do so under their peculiar circumstances and under the circumstances of that time.

17194. At the time they would have found it very difficult to continue, would they not, under a more developed trade?—I am not quite sure what would have happened if we had gone on for a very long period of time carrying goods at 6*s.* 3*d.* per ton. It is rather difficult to say what would have happened. I dare say a great many of us might not have been here at all as far as we were concerned.

17195. What are the advantages which the Conference has given to the shippers of goods in this case?—In this case they have given the shippers of goods a regular, speedy, and safe service to nearly every port in Europe.

17196. Was there not a fairly constant service from Singapore before?—There was a fairly constant service; but you must remember that that service was bound to come to an end at the rates that that service was being run at from Singapore. A rate of 6*s.* 3*d.* cannot be permanent.

17197. It was not, of course, always 6*s.* 3*d.*?—It had fallen to that, and the circumstances which had brought it down to 6*s.* 3*d.* were being accentuated. It was a train of circumstances which had brought it down to that.

17198. On some things it was very much higher than 6*s.* 3*d.*, was it not?—On some things it was.

17199. We have got the 1895 and 1896 rates, from which we can see that 6*s.* 3*d.* was the minimum?—Yes, but what was it charged on—for instance, sago flour?

17200. Sago flour was 6*s.* 3*d.* to 20*s.* during 1895 and 1896?—That, of course, is the big article.

17201. I am quoting from the returns which were given by the Registrar of Shipping; but really the fact does not matter—your contention is that you would not have been able to continue the service?—Yes, that is our position.

17202. Still, you would have had to come through Singapore, coming from other places, would you not?—No; we might have abandoned it altogether.

17203. Do you not think it is very probable, taking the geographical position, that you would have had to come through Singapore?—Excuse me, not at all. It was perfectly open for us to withdraw the steamers from the berth, and go and charter them with full cargoes of rice from Burma or Cochin China or India, just as we have to do now with a certain amount of tonnage. Unless we get from Singapore the equivalent of what a tramp gets from one of the rice ports, or any of the open places, we naturally turn into a tramp and go off somewhere else.

17204. I put it to you, that the particular position of Singapore gives it some advantages which are not possessed by some other places in regard to getting ships?—Certainly, Singapore's particular position gives it certain advantages, and I think they get the benefit of them.

17205. They got the advantages very largely ten years before the Conference was formed?—They got the advantages for a certain period; then, owing to the competition between the regular Lines bringing down far more space than could possibly be used in Singapore, the rates had fallen down to nothing, and we had to make an arrangement of some sort amongst ourselves for keeping rates up to a reasonable level.

17206. Your contention is, that although they had these advantages previously, and although they have had them since the Conference, if the Conference had not been formed they would not have continued?—They would not have continued.

17207. That is your opinion?—Yes.

17208. It did not manifest itself prior to the Conference?—No; but I do know this, that the position was so serious that we were all seeing what we could do and what steps we could take to stop the impossible state of affairs from going on.

17209. Turning to another point, it has been suggested to us, as I dare say you have seen, that subsequent to the Conference the number of firms engaged in the trade increased a great deal?—Yes.

17210. That was pointed out to us as an advantage under that system; do you think it is?—Yes, I rather think it is.

17211. Just think what it really amounts to. The firms are said to have increased from 20 to 60, and the firms controlling 60 per cent. of the trade have increased from five to seven, so there has been a large increase of from 15 to 53 for the remaining 40 per cent. of the trade. There you have got a large number of firms struggling for a comparatively small amount of the trade. Surely, on your own view, it is not a very desirable thing to have this merciless competition among the small firms; they do not increase, you remember for the whole trade, but they only increase for the remaining 40 per cent. of the trade?—Quite so; but I think the new firms have thought it an advantage, at any rate.

17212. The question is not whether the new firms have thought it an advantage but whether the other firms have kept their business, because the trade has been pretty constant in Singapore and it is not a very increasing trade?—That is so.

17213. Therefore, the question is, whether the other firms have not been seriously injured. It can hardly be taken as an advantage, I am suggesting?—I think it is an advantage to have given a lot of people the opportunity of trying what they can do in the trade.

17214. Who fixes the rates from Singapore?—The steamship owners.

17215. Are they fixed locally or are they fixed at home?—They are fixed at home.

17216. And not locally?—No. Perhaps I might explain to you. People talk about Singapore, but I think, with possibly one or two exceptions, there is not a single person in Singapore who has not got to take his orders from somebody in England. So what is the use of fixing the thing locally? It is a most absurd thing.

17217. It is suggested to us that it was so fixed, or, at any rate, that local feeling was considered?—When local feeling was considered, local feeling objected to any rates at all. As a matter of fact, of all the firms in Singapore, I do not think there are more than two of them—or two of the big firms—that are not obliged to take their orders from somebody in this country.

17218. Then, there is practically no doubt that the rates are fixed at home?—They are fixed at home, undoubtedly.

17219. And at times the home rates have been protested against?—Yes, frequently.

17220. Did you not have a protest even by your local committee?—Yes, the local committee protested.

17221. And they were representing these big firms, and also steamship agents, largely?—Yes. We had a discussion with them, and we made a certain amount of reduction. I always thought it was a mistake.

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17222. You think you should not have gone so far?—Yes, I think their complaints were unreasonable.

17223. That reduction was made in February, 1907, I think?—Yes.

17224. And when you made that reduction they protested?—Yes. They will go on protesting as long as you like.

17225. Still, we must remember they are very substantial people, these seven people?—The seven did not protest.

17226. Was it the local committee that protested?—I think the local committee protested, but their principals did not protest.

17227. The local committee is composed of these preferred shippers, is it not?—Yes, the local committee is.

17228. So I think one is right in suggesting that there was a protest even from the people with the preference?—No, I do not agree with that. If the principals do not protest, I do not attach much importance to a protest that is being made by their subordinates.

17229. (*Chairman.*) Do you mind telling us who were the parties that complained?—There was a complaint first of all made by a lot of those merchants in Singapore, and it was not wholly endorsed by their principals in this country.

17230. By the big firms who were parties to the secret agreement, do you mean?—Some of the representatives in Singapore of the big firms—I think, largely, to make themselves pleasant with the other people in the locality—joined in the protest; but they were not altogether endorsed by their principals in this country. We did discuss the matter with the principals in this country, and we came to an arrangement which the principals accepted as satisfactory.

17231. (*Professor Gonner.*) But the local committee, which consisted of the people at the place, were not satisfied?—I do not know whether they were.

17232. At any rate, they protested?—I think they said, as they always do, that we had not done nearly enough for them.

17233. (*Lord Inverclyde.*) How did it affect them locally?—As far as I can make out, the whole of Singapore had got into their heads some sort of idea that they ought to have exceptionally cheap rates, far below the level of what are ruling from adjacent ports, and we say they ought not. That is really the substance of the difference between the steamship owners and the local interests.

17234. Who pays the freight?—The freight is paid by the consignee.

17235. In Singapore?—No. We are talking of the homeward freight, and it is paid by the consignee in this country. There is no doubt that the Singapore people have got it in their heads that they ought to have an advantage in rates as compared with adjacent ports.

17236. (*Professor Gonner.*) Because of their geographical position?—Yes; that is their view.

17237. Do you think their geographical position ought not to be taken into account?—We think their claim is ill-founded.

17238. That their claim to their geographical position is ill-founded?—Yes.

17239. (*Chairman.*) Our evidence confirms your view that the people at Singapore had previously occupied a peculiar position, owing to Singapore being a central spot, and that that position ought to be retained. They complain that the Conference system did away with, or at least deprived them to a very great extent of that peculiar advantage they previously enjoyed?—That is rather their view.

17240. (*Professor Gonner.*) You say there was a Conference in 1885?—Yes.

17241. And that rebates were paid from that year?—Yes.

17242. Were those rebates deferred rebates in any sense?—I have no personal recollection of what took place at that time.

17243. I would suggest to you that there was no deferred rebate system till the beginning of 1897. You remember, perhaps, there was a Straits Commission which interested itself in this question?—Yes.

17244. That Straits Commission certainly treats the deferred rebate system as having been introduced at the end of 1896 or 1897?—That might easily be accounted for by the people having forgotten what happened previously; but my information is perfectly clear that from 1885 to 1887 a Conference was formed and rebates were paid.

17245. That was for three years?—Two years. That was my information; but I was only a boy at school at the time, and I cannot speak from personal knowledge.

17246. After 1887 there were no rebates?—After 1887 the Conference was discontinued till 1893, and I understand that it existed, perhaps without rebates, from 1893 to 1895, when it broke up. I think it was without rebates then. That is my information.

17247. Possibly the statements might be reconciled in this way, that there was a short previous period—1885 to 1887—during which there was a deferred rebate?—That is my information.

17248. And subsequent to that there was no deferred rebate?—That is so; there was no deferred rebate subsequently. The Commission that sat in the Straits had forgotten all about it.

17249. That seems, perhaps, to clear it up?—That I believe to be the correct explanation.

17250. It is quite clear from the report of the Commission that a new system had been inaugurated in 1896 and 1897?—Yes. We know that a thing that has not happened for 10 years very often appears to be quite new. There is no doubt that what was inaugurated in 1897 was something new.

17251. As you say it was intended to be a new system because of the sudden break in the rates?—Yes; it was brought about by the tremendous break in the rates.

17252. Turning to the question of tin, is it true that in charters tin used to be taken at quarter the rates for other things in chartering a vessel?—I could not tell you.

17253. I have heard of that?—It is quite possible.

17254. You say that it is necessary in the case of tin to charge a high rate because of the high value of the commodity, or at any rate that is one element in the rate?—Yes, that is one element.

17255. Would not that hold good rather more with regard to treasure?—I think it holds good on nearly all articles.

17256. What do you take treasure at?—It goes in the mail steamers, and the rate is something like ½ per cent.

17257. Why should the tin rate be above the treasure rate?—What is the value of tin?

17258. It is down sometimes to £100, and at others it is £120?—25*s.* on £190 is not much more than ½ per cent., and you must remember that the bulk of tin is very much greater than the bulk of treasure.

17259. (*Chairman.*) Where do you get the figure of £190?—Tin has fluctuated from £190 to £90 in the last 15 year.

17260. (*Professor Gonner.*) Sometimes it is £120?—It was £190 twelve months ago.

17261. It is a variable article?—Yes; it fluctuates tremendously.

17262. You do not have to pay anything like the attention to the shipment of tin that you do to the shipment of treasure, surely?—No; but I think you will find a shipment of silver at ½ per cent. would pay you a very great deal more per ton weight than a shipment of tin at 25*s.* per ton. I do not know what the value of tin is per ton.

17263. Do you not take them all by weight?—Treasure pays ½ per cent.

17264. On value?—Yes.

17265. That will pay you better than per ton weight?—Silver at per ton weight would mean an enormous amount.

17266. More than 25*s.* per ton?—Far more than 25*s.* per ton.

17267. That is quite conceivable?—Silver is about 25*d.* per oz. and there are 16 oz. to the lb., which

makes silver work out to something about £3,000 to the ton.

17268. Do you think that the difference in the rates fairly represents the difference between the difficulty of dealing with the two articles?—I should think it is not unreasonable.

17269. Treasure, of course, would not go except on mail steamers?—Practically it only goes on mail steamers.

17270. Do you think it is really the right way of treating tin to put your rate on it according to its value?—I do not put the rate on it by value alone.

17271. I thought you said it might bear the increase?—We thought the rate had become unduly low. After all we are only charging on this tin 25*s.*, and it is paying the same rate as sago flour. Tin is worth from £90 to £190 per ton, and the sago flour is worth about £8 10*s.* per ton.

17272. What is the difference in the space occupied? Tin is very easily handled, is it not?—It is very easily handled.

17273. And it packs very well?—Yes.

17274. Have you not considered this point with regard to tin which tells a good deal with regard to other mining products, that a high value often presents itself because of the increasing exhaustion of the surface supplies?—That may be.

17275. And consequently, although the article may be higher in value, its cost of production may be very much higher proportionately, and the rate of profit out of which the freight would be deducted very much lower?—I imagine they stick the freight on when they sell it to their customers.

17276. They try to get it out of their customers, of course; I do not suppose they pay it out of their pockets. The cost of production on metals is liable to increase enormously, is it not?—Yes, of course; and I suppose that may be applied to many articles.

17277. It applies more to metals than to others, does it not?—Do you seriously suggest that 25*s.* per ton, with the 10 per cent. off—that is 22*s.* 6*d.*—is too much?

17278. I do not suggest anything about the rate, because I do not know. What I would suggest is that the reason which has been offered to us for the rate, namely, that it is proportionately small in comparison with the value of the article sold is not in itself a valid defence?—I am quite willing to admit that it is not the only consideration. It is a consideration, but it is by no means the only consideration. Now that you are talking about tin, might I explain that amongst other things, owing to the peculiar nature of the tin trade, while the rate to London is 25*s.* there is little or no increased charge for forwarding to all sorts of other places. That has been already put before you.

17279. We have had a good deal of evidence about it?—That reduces the rate actually received, I think I am right in saying, to something like 17*s.* or 18*s.*

17280. Have you compared the transhipments to foreign ports as compared with the transhipments to English ports?—Yes.

17281. It was put in evidence before us that, on the whole, foreign ports under the system of transhipment are more favoured than English ports; and that was also put definitely in evidence before the Singapore Commission?—I would just like to deal with tin. Tin, as regards through rates, and everything else occupies an exceptional position, because it is an article which is dealt with in a very peculiar and exceptional way. Of all this tin which is shipped from the Straits Settlements to London ostensibly, I think I am right in saying that something from 60 to 70 per cent. goes to New York ultimately; a considerable further percentage goes to Swansea, and a very small percentage—something varying from 10 to 20 per cent.—actually stays in London. The trade only comes to London at all because, I believe, of the strong market in London. It comes to be marketed. For the advantage of having the opportunity of offering it on the London market the buyers in America and other places are willing to pay something more than the rate they would get by direct steamer. We can certainly get a rate half-a-crown or 5*s.* more than the rate by direct steamer by taking it round through London, on account of the advantage to a highly-speculative article like tin—and you can see how speculative it is by the fluctuations in price—of having the opportunity of offering it on the London market. If we made a forwarding rate to America which compensated us for the difference, it would be so great that we should divert the whole of the trade, and it would not come to London at all. The stuff is not wanted there, and so we should simply divert the trade into direct ships to New York and it would never come to London at all. If it were not for this arrangement of making the basis of the rate to London pretty high, if you like to call it pretty high, with cheap rates for forwarding to the places where it is really wanted, we would not get that trade, and we would lose that trade out of this country altogether. It is the advantage of its being there on the market, although it is not wanted there, that brings that tin to London. If we were to put on the rate that some of these people suggested to you, that is, if we made a rate to London and then charged extra and in full for forwarding it to New York, Swansea, or anywhere else, the whole of that American trade (which, as far as I am informed, amounts to 60 or 70 per cent. of the whole thing) would be absolutely lost to us, and that business would be driven out of London. That is the information we have.

17282. That is important information?—I can vouch for the approximate accuracy of the proportions I have given you. That was the explanation put before us by merchants when we inquired into the matter.

17283. With regard to transhipments, it certainly was pointed out to us and it seemed well established, and it certainly was pointed out to the Straits Commission and considered well established there, that foreign countries had advantages in transhipment over English ports. Have you ever gone into that question?—Yes. It is quite true that there are more ports in foreign countries that get the advantage of—shall we call them—the basis rates. That arises largely from this: The French Government, for instance, pay the Messageries Maritimes Co., as you know, a very large subsidy, and among the conditions of that payment is the condition that the same rates shall be quoted to all French ports. I think that is a very absurd arrangement. But that being so, you have got a large and powerful French Company quoting the same rates to all French ports, and, as far as I can make out, there is no earthly means of stopping them, unless the British Government feels disposed to take the same steps and to pay us equally large sums to do the same thing.

17284. Meantime, the British ports are handicapped—it was said by several merchants, owing to the excessive patriotism and greater energy of the foreign shipowner as compared with the English shipowner; but with that you do not agree?—I do not think it is greater patriotism. It is done for a payment of money by his Government. As far as the Messageries Maritimes are concerned, I know that is mainly the case; and I know it is mainly in regard to the French ports that this suggestion can be maintained.

17285. I think it is with regard to French ports, and that is, you say, because their Government in their mail contracts pay them a very large subsidy?—Yes, on condition of doing this thing. I think it is a very foolish thing to do myself, and I do not think it can be justified. It is entirely contrary to the proposition which I see one of the gentlemen from Manchester made to you, that he ought to have the advantage of his geographical position; that is to take it from him entirely.

17286. Yes, but then of course there was another gentleman who complained that it was you who took the advantage of that geographical position from him in that case?—Yes, I will deal with that particular case if you like.

17287. It was not the French Government that he complained of?—No, he complained of us—from a different point of view. It is perfectly open to the Government to pay a large subsidy to a steamship company or anybody else to quote the same rates of freight to all ports; but then it must be remembered that if we can carry 5,000 tons to London for a certain sum of money, we cannot undertake to distribute that cargo to every single port in the United Kingdom for the same sum of money.

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17288. No, certainly not?—Then you must either charge so much extra for every ton you forward, or else you must increase the original rate and do the forwarding free. You can have whichever you like. Either of the two systems can be carried out.

17289. Have you ever thought of this? It is a little bit hard when people find themselves put in an awkward position by having to be taken by routes they do not want. For instance, people do not want their goods to come round by London when they have to pay for their transhipment, and when they are precluded from shipping direct, because, of course, their rebates would be forfeited if they shipped direct?—There would be no difficulty whatever about shipping direct if they have got the stuff to send.

17290. There would be no difficulty, do you say?—The thing would be arranged, but it is not arranged because there are not the quantities to come on.

17291. If they ship direct I suppose the rates would be lower?—Originally Liverpool was charged 5*s.* above London; then we found the trade was going in sufficient volume to justify steamers going direct to Liverpool, and the rate was put down. Directly there is any requirement to send goods to these other ports in sufficient volume to make it practicable that they should go direct, there is not the slightest doubt but that the rate would be put down.

17292. And there is really no doubt that you would put on an occasional steamer to go direct?—Undoubtedly that would be arranged if there was a sufficient quantity of goods wanting to go.

17293. Would you say that transhipment has to be accepted because there is an inadequate quantity?—Yes. Dundee, or some other place, was mentioned; the sort of shipments you would get for such places would be 20 or 30 tons.

17294. But suppose every now and again there turned out to be a sufficient quantity of cargo to go to Dundee direct?—If the thing came forward as a matter of practical politics no doubt the matter would be arranged.

17295. Now the point that Sir Alfred Bateman put to you with regard to the shipping of China and Japan is very much emphasised in the case of the Straits, is it not?—Yes.

17296. The quantity of foreign shipping there has increased very greatly?—Yes.

17297. It was held I remember, at the Straits Commission, and it was held by witnesses before us, that that was largely owing to the successful inauguration of the Conference in 1896?—Yes, I know that is the view.

17298. Have you any opinion upon that?—I do not believe that in the least. You are familiar with the geographical position of Singapore, and you know that it is practically surrounded by the possessions of a foreign Power with which a very large part of its trade is carried on, that is to say, with the possessions of Holland, with the Dutch Colonies. In recent years, certainly since 1890, first of all the Dutch had got an immensely improved coasting service under their own flag, which has been deliberately organised and subsidised by Government for the purpose, as far as possible, of keeping the trade of the Dutch possessions inside their own boundaries, that is to say, rather making Java the distributing centre than Singapore; and they have driven off, I fancy, a considerable number of small British ships which were Chinese-owned, that is, owned by resident Chinese in Singapore who are in that trade. Then, as you know, since that time the Japanese have started a very heavily subsidised Line between Japan and Europe, the Nippon Yusen Kaisha, and they are paying an enormous subsidy. All the Continental countries have been subsidising and establishing under Government auspices heavily subsidised Lines to the Far East in order to get a share of the trade. The Frenchmen have done it, the Germans have done it, and indeed every single Power has done it practically. The Dutchmen have diverted one of their Lines of mail steamers through Singapore. I submit that the increase in foreign tonnage is simply due to Government action, and could never have been for the purpose of carrying on trade between foreign ports and the Far East.

17299. You do not attach, then, any value to the statement which was made by a great many witnesses out in Singapore certainly, that the greater security of rate which is afforded by the Conference tempted large Lines—and I think they referred to German Lines chiefly—to enter into the trade?—I do not think so, indeed I think entirely the reverse. I think it is the security of rates that has kept the independent British Lines. They are not fed by subsidies, while I think, with the exception of the Hamburg-Amerika Co., practically all our foreign competitors are subsidised. I think it is only the security of the rates that has enabled the British Lines to stay in at all.

17300. The witnesses were referring to the German Lines, I think?—I might, perhaps, say that the German Lines, the North German-Lloyd, and the Hamburg-Amerika are practically entirely confined to the trade between the Continent, especially Germany, and the Far East.

17301. Is that under agreement?—I would not like to say. I am not sure that that is in a written agreement anywhere.

17302. They do not compete for the English trade?—They do not.

17303. There is, at any rate, a definite understanding if there is not an agreement? I want to know if there is any understanding as to that, or if it is merely that as things happen to be they do not compete?—You know there are some things you do not do to another person for fear he might hit you. It is not absolutely necessary to have all that put in writing. There are a great many of those sort of understandings in business which have never been put into writing by anybody.

17304. There is just one question about the Java trade; I do not know whether it would be well to bring it in here, as it does not refer to the Straits Homeward Conference. There is a complaint by Mr. Langdon that half-a-crown extra was charged on the Liverpool rate, that is, 37*s.* 6*d.* to Java as against 35*s.* from Southampton. Could you explain that?—Yes, and I will with the greatest pleasure. The trade to Java is a Dutch trade, Java being, as you know, a Dutch possession. It is in the hands of Dutch merchants, and the real bulk of the trade is carried on from Holland. It is emphatically a Dutch trade. They have got two powerful subsidised steamship companies in that trade, and I am afraid all that the English people can expect to get are the crumbs; we have got to take what we can get there and be thankful to get it. For various reasons, which I need not go into, some years ago, I think it was in 1890, we decided to establish a Line of steamers from Liverpool and the west coast to Java. Previous to that date there had been no regular Line of steamers at all from any place in this country, except Southampton, to Java, and that was simply a port of call for the Dutch mail steamers on their way out to Holland, where they picked up a few fine goods and other specially desirable classes of cargo. It took us a little bit of time and peaceful persuasion to get into the trade at all—to be allowed in. When you get into a trade like that, where, naturally, the bulk of the trade, the cream of the trade, is all going from the Continent, you have to make the best arrangement you can, and if you are going to provide a service from Liverpool it is obvious that, to make an inducement to come to Liverpool at all, you must be paid more than you would get for going to Southampton, otherwise why should you go to Liverpool? If the trade going from England can be largely taken at Southampton, why on earth should anybody spend three days of time in going to Liverpool unless he is going to get something more for the work he does? If we are not going to get a better rate in Liverpool than we could get in Southampton, as sensible men of business we should stay in Southampton. Somebody has got to pay us for the three or four extra days which are injurious to getting cargo from Holland; and, therefore, unless we are going to get a little higher rate of freight on Lancashire stuff in Liverpool, obviously, there is no motive in going there. I might point out, as far as the Manchester man is concerned, that the sum works out like this: I think he pays about 27*s.* 6*d.* carriage per ton weight from Manchester to Southampton—Mr. Owen Philipps would know, but that is about right, is it not?—and he pays about 7*s.* 6*d.* from Manchester to Liverpool per ton weight. Assuming this stuff weighs about 10 cwt. to the

40 cubic feet—and, I think, it weighs rather more—that would mean that his carriage to Southampton is 13*s.* 6*d.*, and his carriage to Liverpool is 3*s.* 9*d.* per ton measurement. Therefore, when he ships viâ Southampton, he is actually paying 48*s.* 9*d.* from Manchester per ton measurement, and when he is shipping from Liverpool, he is actually paying 41*s.* 3*d.* per ton measurement, so he is actually paying a great deal less.

17305. It was not disputed, of course, that he was paying less on the total, but do you say that if you got less you would not come to Liverpool?—We would not come to Liverpool at all.

17306. They are not ordinary boats going out to the East are they, that is, they are not the boats that go naturally from Birkenhead to the East?—We have a line running from Holland and Liverpool to Java, and from Java to Holland and Liverpool. It is a three-cornered Line. Unless we are going to get some advantage for the deviation up to Liverpool, why go there?

17307. Then your big trade is not from Liverpool in these boats?—The trade is a small one. Our principal trade is from Liverpool, and we come to Liverpool and take the cargo there because we can get rather better terms than we would get on that trade if we just developed it on another route; but unless we are going to get rather better terms it would not be worth our while developing this trade at all.

17308. (*Lord Inverclyde.*) Do you mean that Liverpool is three days further away from Java than Southampton?—No, it is about the same distance; but if you start your voyage from Amsterdam and you want to go to Java, obviously if you go to Liverpool you lose at least three days, if not more.

17309. (*Professor Gonner.*) Do you get most of your cargo from Liverpool and not from Amsterdam?—We get most of our cargo from Liverpool.

17310. Homewards you get it mainly to Amsterdam, I suppose?—All the best class of cargo is mainly for Amsterdam.

17311. So you must go to Amsterdam—that is the point I want to know about?—The whole key of the trade is in Amsterdam or Rotterdam, so we must go to Holland. A person who does not go to Holland cannot carry on this trade at all.

17312. You are bound to trade with Holland, then?—Not legally.

17313. But in point of practice you are?—The kernel of the trade is there, the whole key of the matter is in Holland, and unless you arrange to cater for you could not exist.

17314. (*Mr. Barry.*) I think you said that foreign competition had in recent years been greatly strengthened by the various bounties and subsidies granted by the respective Governments?—I said there had been a great many more foreign subsidised Lines established.

17315. And that they had strengthened the competition of foreign shipping?—Undoubtedly.

17316. Is it not the fact that the ratio of British-owned tonnage to foreign tonnage has been fully maintained up to the present time?—Yes, it has.

17317. Possibly I would be right in saying that in the last three or four years the ratio of British-owned tonnage has been rather increased?—It is about the same, I think.

17318. I think there is a slight increase?—I am very glad to hear it. I know it is very near the same thing.

17319. That being so, the bounties and subsidies paid by foreign Governments have not really affected the position of British shipping at present?—They might affect the relative position of certain trades. You must remember that bounties and subsidies are only paid in respect of certain routes.

17320. I put it to you broadly and generally speaking?—Broadly and generally speaking, all over the world, I do not think they have.

17321. (*Sir John Macdonell.*) I understand you found this secret agreement in existence at Singapore, and you accepted the situation?—We did not find what you call the secret agreement in existence, but we found the benefits secured by the merchants were in existence, and we had to accept the situation.

17322. You seem to see some objections to the system?—I will put it in this way: If we had not found the circumstances in existence, we would not have gone out of our way to establish them.

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17323. If you had had a free hand, you would not have created such a system?—I do not think we should have created the system simply for pleasure.

17324. Even for purposes of business you would not have created such a system?—No, I do not think one would. We have never created it anywhere else; that is perhaps the best answer.

17325. (*Chairman.*) And you think it is an abnormal one?—Quite so. It does not, to my knowledge, exist in any other business; certainly in nothing else that we are connected with.

17326. (*Sir John Macdonell.*) That being so, I will not trouble you further on that point. In your view, you think that this tendency of having a direct means of communication from one port to another is something which has nothing to do with the rebate system?—No, nothing whatever. You have really opened the subject——

17327. If there is anything you omitted to say, please say it?—In regard to this particular point that you are now on as to the diversion of trade from Singapore to the Dutch East Indies, first of all the Dutch East Indies have developed enormously in the last 10 or 15 years, since we went into the trade, and the development of trade in the production of those countries is something enormous. I think I am right in saying that 20 years ago lots of these places were not connected by cable; now if you have got a place that is not connected by cable, the man must sell his goods on the nearest market he can get to, and he cannot wait for a market that it would take him 10 or 20 days to get an answer from. Then some of the harbours have been improved, and the Dutch Government, by a very thorough system of subsidised services in their own possessions centred on Java, have done what they can and what Government officials can do to influence the trade to centre itself in Java rather than in Singapore. I think there is a good deal of political reason in it, and that they did not perhaps wish to get the inhabitants of their country too much in the habit of going over into British possessions. You will naturally understand that for political reasons the Government sometimes would prefer that large provinces of theirs should keep their trade within their own boundaries instead of setting up a general market and metropolis just over the boundary in a foreign country.

17328. You have put that point very clear—am I curtailing you?—No. That is, I think, the real reason which has caused the great increase in the trade from the Dutch Possessions to come through Java instead of coming through Singapore; that is what I attribute it to.

17329. Some years ago, was it not the case that certain members of the Conference Lines had steamers—I may call them coasting steamers—which collected traffic from the outlying ports and brought it to Singapore?—At one time we had such boats, and we were the only people who had them. For various reasons we sold them. We did not think it profitable to keep them, and we thought we could employ that amount of capital with greater advantage to everybody concerned in other directions.

17330. At all events, there were for a time in existence certain steamers whose function was to collect cargo from the outlying ports and bring it to Singapore?—Yes.

17331. Has that business ceased?—No. The steamers we had, ran, as far as the Dutch East Indies were concerned, for a very short time—four or five years, and then we closed up that part of the business; we made an arrangement with the Dutchmen, so that part ceased. The major part of the business, which was ultimately sold to the Germans, is going on just as ever it did before.

17332. Are there the same facilities in the way of collecting cargo from these outlying ports and bringing it to Singapore that there were?—The actual facilities are exactly the same in Singapore; the facilities in other competitive directions have increased.

17333. But the actual facilities are exactly the same?—You must not pin me to it, but the actual positive facilities are, broadly speaking, the same.

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There is one point in this connection that I want to say a word about. One or two of the witnesses have made a suggestion to the Commission that the rates from the Straits Settlements will not compare favourably with the rates from Java. I think it will be obvious to the Commission, in comparing rates of freight, that what matters to the steamship owner, what he has to look to, is the total amount of money that he receives. Suppose you have got two steamers of exactly same size, one loading in the Straits Settlements, and one loading in Java ; what one naturally looks to is the total amount of earnings that the boats are going to make, and unless the assortment of cargo is going to be exactly the same, identical rates of freight will not produce the same amount of money or anything like it. As a matter of fact, the assortment of cargo that you obtain from these two places is extremely different. I took one steamer that had been loaded first in China and Japan and the Straits Settlements one voyage, and the next time at Java, and I found that the cargoes were of an entirely different character really. That just illustrates this particular point of the impossibility of saying that the same rates of freight ought to apply between two places which may appear to be something like the same distance apart or to actually cost the same as regards service ; it does so entirely depend upon the combination of goods you get in these places. I took the ship loaded in Japan, Shanghai, Hong Kong, and the Straits ; there the item, bag goods, that is, sago, tapioca, pepper, &c., came up to 2,900 tons. The same ship when loaded in Java for the same item, bag goods, had 1,090 tons. Taking detailed analysis of the bags, I found that the Straits bag goods worked out as follows—bark, 5 tons ; pepper, 65 tons ; sago flour, 2,373 tons ; sago and tapioca flake, 95 tons ; sago and tapioca pearl, 368 tons. When she loaded in Java, the same bag goods were as follows :—Cocoa, 13 tons ; coffee, 76 tons ; caspi, which is, I think, a tapioca product, 83 tons ; pepper, 39 tons ; rice, 46 tons ; tapioca flake, 135 tons ; and tapioca flour, 702 tons. When you have got your articles in such different proportions as those, you cannot construct a uniform scale of rate which is going to give you anything like a similar result.

17334. I am glad to give you an opportunity of mentioning those facts ; but I will now pass to another point. One of the witnesses has called attention to the fact that the rates to certain ports, Boston, New York, Rotterdam, and Hamburg, were substantially the same as rates to London, notwithstanding the large transhipment and forwarding charges. The same witness designated these charges as follows :—Boston, 15*s.* ; New York, 14*s.* 6*d.* ; Rotterdam, 8*s.* 9*d.* ; and Hamburg, 10*s.* 9*d.* ; so it would seem that the net freights to Boston were 16*s.*, to New York, 16*s.* 6*d.* ; to Rotterdam, 19*s.* 9*d.* ; and to Hamburg, 17*s.* 9*d.* ; as against the rate of 25*s.* to London?—Where is that from?

17335. I am reading you the substance of the evidence given by Mr. McArthur?—That is from Singapore. The rates to New York and Boston are the rates charged by direct steamers running from Singapore to New York and Boston.

17336. Does it not strike you as something strange that the shipowner apparently carries to Boston for 16*s.*—I will not presume to say at a profit?—He does not.

17337. Do those figures seem to you to be reasonable figures?—Yes, and I will tell you why, though I am not quite certain, speaking off-hand, that these things are correct.

17338. Assuming them to be approximately correct? —These are all ports to which there are direct steamers—Boston, New York, Rotterdam, and Hamburg ; and the bulk of the trade to those places goes in the direct steamers which do charge the same rates as the rate to London. I think it is very likely, in fact, it is the case, that for the convenience of merchants, and to enable them to have the choice of two markets we are ready under certain circumstances, on the payment of a shilling for the option of some port and the expense of forwarding, to give them that benefit.

17339. I am directing your attention to the net figure which the witness works out, which is 16*s.*, I think, in the one case ; would that be a profitable rate? —No, it would not ; but then that would only represent a trifling percentage of the whole cargo. It is not the rate to Boston according to his own evidence ; it is the rate on a very small lot.

17340. I understand your position to be this—that 16*s.* would not represent a loss, but it is accepted because it means only a small portion of the cargo?—That would be the explanation. It is a little convenience given to the shipper.

17341. You gave us as the reason why the Continental people had a larger range of ports that the French Government stipulated in a subsequent contract for that?—Yes, I believe that is so.

17342. That explanation applies to France, but it would not apply to other portions of the Continent?—No, but I do not think that it is so for this trade generally.

17343. This is what I was leading up to—perhaps you could answer this question without having to look at your papers : Is there a tendency, in your view, on the part of the rebate system to concentrate the trade in particular ports?—Not on the part of the rebate system. It certainly is the practice of the regular Lines.

17344. What I am pointing out to you is, that your reasoning is that the Conference system is supported by rebates?—Yes.

17345. And the Conference system supports regular shipments and regular sailings?—Yes.

17346. Is that not another way of saying the rebate system eventually leads or tends to lead to a reduction in the number of ports of shipment and in the number of ports of consignment?—No, I do not think so. I think there is a general tendency in trade always to close up, so to speak. What is going on is to make shipments to comparatively small numbers of large ports, where they carry on an *entrepôt* business—a distributing business—where people from the neighbourhood all round come in, and on the market buy their goods.

17347. I put it to you—and you will tell me whether it is correct or not—whether that tendency, undoubtedly interesting, is not accentuated by the rebate system?—No, I do not think it is when you put it that way. I should say the Conference system has rather tended to have the effect of enabling far more through rates to be quoted, as people can get their goods through.

17348. Through rates from the ports from which the Conference Lines start, but not through rates to other places?—Yes, through rates to other places

17349. (*Professor Gonner.*) Not direct shipments?—Not direct shipments, but through rates. What took place 40 or 50 years ago was, that you brought your ship into a port and discharged your cargo into a warehouse and then people came and took it away in 20 or 30-ton lots. A man now says, I ship my cargo to Liverpool—to take a single example—I may pay 25*s.* to Liverpool, but I will have the option for 30*s.* of sending it to London or for 32*s.* 6*d.* sending it to Glasgow—whichever it may be. Then he has to declare the option 24 hours before the steamer arrives. Meantime, he has had the opportunity of trying to sell his goods, and he finally comes to tell you he is going to pay 32*s.* 6*d.* and have the cargo delivered in Glasgow. That is the tendency which the Conference Lines have been fostering. These things all have their limitations. We may do a thing like that for Glasgow, but you can hardly expect us to do it for Llandudno, shall we say, or for any conceivable small place up and down the country.

17350. (*Chairman.*) There is one statement to which I think I ought to draw your attention. Mr. Shelford has stated among other things that Messrs. Holt and the P. & O. are both averse to taking cargo which will require transhipment ; is that the case?—Of course, on the figures that Mr. McArthur gave you, naturally, we do not want to take cargo that is going to leave us very much less than the freight on the cargo to the head ports. This system of quoting through rates on transhipment involves a great deal of labour and trouble, and it is not one that one wants to go and extend unnecessarily.

17351. You have given us very valuable information ; would you like to add anything to your statement?—I do not think there is anything I want to add.

(*The rest of the witness's evidence was heard in private.*)

TWENTY-EIGHTH DAY.

Tuesday, March 17th, 1908.

PRESENT :

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

Lord INVERCLYDE.
The Hon. C. N. LAWRENCE.
Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. OWEN PHILIPPS, M.P.
Mr. OSWALD SANDERSON.

Mr. J. A. WEBSTER, *Secretary.*

Mr. PERCY PORTLOCK, called and examined.

Mr. P. Portlock.

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17423. (*Chairman.*) You come here as the representative of Messrs. T. Eaton & Co., Ltd., I think?—Yes.

17424. They are shippers of general goods to the towns of Toronto and Winnipeg?—Yes.

17425. You have with you a proof which we can take as your evidence-in-chief?—Yes.

(*The witness handed in the following statement.*)

1. We are shippers of general goods to the towns of Toronto and Winnipeg situated in the Province of Ontario and Manitoba, respectively. The ocean transport from this country viâ the Ports of Montreal in the summer, and St. John, Halifax, and Portland in the winter, is in the hands, from Liverpool, of a combination known as the Canadian North Atlantic West Bound Conference, which according to their latest lists comprises the Allan Line, from Liverpool and Glasgow; Canadian Pacific Railway, from Liverpool and Avonmouth; the Dominion Line, from Liverpool and Avonmouth; the Manchester Liners, from Manchester; the Donaldson Line, from Glasgow; and the Thomson Line, from Newcastle.

2. Another group of this same Conference, specified on the Tariff List as the London Conference Lines, consisting of the Allan Line, Canadian Pacific Railway, Furness, Withy & Co., Johnston & Leyland Line, Thomson Line, and the Wilson & Furness Leyland Line, control the freight from London. Furness, Withy & Co., the Johnston Leyland Line, and the Wilson & Furness Leyland Line sail from London to Boston; the Canadian Pacific Railway viâ Antwerp to Montreal or St. John; Allan Line viâ Havre to Montreal or St. John; the Thomson Line viâ Newcastle and Hull to Montreal and Portland.

3. The action of the Conference throughout has been to force the rates up. From the winter season of 1905 and 1906 in particular, the ocean proportion which, previous to that, had stood at about 10*s.* per ton measurement, was raised to 12*s.* 6*d.*, and at the present time, on dry goods, stands at 15*s.*

4. Outside transport for cargo was available viâ Liverpool to Boston by the Cunard, the Leyland, and the White Star boats. The ocean rates by this route stood at one time at 8*s.* They have also advanced, although until the winter season 1907/8 they were still below the rates in operation to Canadian Ports. They are now identical for through Canadian traffic, with the Conference rates.

5. The steamers belonging to those Lines comprising the London Conference are, compared with those sailing from Liverpool, smaller, much slower, and designed more especially for cargo purposes. The time occupied in making the voyage would range from 9/10 days in the case of those sailing direct, or 16/17 days for those vessels which call at Antwerp or Havre. The rates by these steamers sailing from the two ports, Liverpool and London, are now in most instances the same. In the case of Liverpool, it must be admitted that during the last few years some of the Conference Lines have put on faster and finer steamers, and even that these steamers may cost more to run; older and slower boats are, however, still advertised, and it is anomalous that the same rates should be asked for a boat making the passage in 6 days and for one making 10 or 11, or even as much as the 16 or 17 days alluded to above. In most other trades, where there is no hurry for goods to reach their destination, there is some means of getting lower freight rates and shipping by slower boats. In the South African trade the same rate is not asked by the mail boats as by intermediate and cargo steamers, and there, of course, shippers may also avail themselves of sailing vessels.

6. In the North Atlantic Conference, however, all outlets have been closed up; competing Lines, more in particular one sailing from a north-east coast port, have been compelled to come in, as they would otherwise have competition in the shape of faster and larger vessels, take away their cargo, and now these vessels, good enough for purposes where speed is not an important factor, and having a longer voyage to make by reason of their geographical position, are obliged to ask the same rates as the best and fastest steamers; doubtless this means the loss to them of all but local traffic.

7. In 1903 the average cost of shipping 40 cubic feet of dry goods to Toronto was 24*s.*, as against 28*s.* 9*d.* in 1907, and this increase was solely caused by the advance in the ocean proportion.

8. The advance in ocean rates on Canadian traffic has not been coupled with a parallel movement for United States traffic carried by the Conference Lines. Dry goods to any point in Canada other than Montreal are charged 15*s.*, measurement, while if for a western United States point, the ocean basis figures out at 7*s.* 6*d.*, measurement. Carpets for Canada are charged 12*s.* 6*d.* as against 7*s.* 6*d.*; crockery, 10*s.*, weight, as against 6*s.* 6*d.*, weight; flowers and feathers, 11*s.*, measurement, as against 7*s.* 6*d.* measurement; tea is charged 25*s.*, weight, for Canadian traffic, while to the States they will accept about half that rate.

9. There are two inferences to be drawn from these comparisons, either the Conference find it worth while to carry traffic at these rates, in which case it is difficult to see why Canada should not be on such a favourable basis as the United States; or else the loss sustained by the carrying of the United States cargo at these figures is being paid for by the Canadian trader. The disadvantage to manufacturers of goods situated in Canada and placed in competition with the manufacturer in the States is obvious, as also the harm which must ensue to Canadian trade generally.

10. So far as Canadian traffic is concerned, there is no competition from the United States. The only ports in the question are New York and Boston. In the case of the former, the inland rate is so much in excess of the rate from Canadian seaboard to Toronto that there is no question of competition; the only consideration being that of time, and even this is now being displaced by the fast boats sailing from British and Canadian ports. As regards Boston, the inland rates are the same, and on the question of the ocean proportion, the Conference have successfully managed, either by arrangement or threats, to get the rates

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applying to through Canadian traffic raised to an equality with their own.

11. Turning to the question of competition for United States traffic, the inland rates from Boston, Montreal, St. John, and Portland are all the same, and, doubtless, if it were the wish of the Conference they would arrive at a similar arrangement as to ocean rates as they have in the case of Canadian traffic. New York is under the same disadvantage for western United States of America points as for Canadian points such as Toronto and Windsor.

12. Another instance of where the Conference are prepared to take lower ocean proportion is that of traffic from Germany, which they attract viâ Liverpool by offering rates of from 11*s.* to 11*s.* 9*d.*, measurement, as against 15*s.* for British Canadian traffic. It may, of course be argued that did they not take steps to secure this traffic it would fall into the hands of German-owned Lines, but, on the other hand, it must be worth their while to carry at these lower rates, and, in any case, it is obviously unfair that German trade should be exploited to the detriment of the British merchant or manufacturer.

13. The position of Canada, so far as her import trade is concerned, is totally different from other British Colonies; firstly, there is no lack of freight offering on the home voyage, whereas in the case of South Africa practically no tonnage can be obtained in quantities sufficient to form a cargo, and where, therefore, the outward voyage has got to some extent compensate for a loss on the homeward voyage; secondly, looking at it from the point of British trade, every increase in freight places British goods at a greater disadvantage, at the same time giving a corresponding advantage to goods of American manufacture. We have heard of instances where a few shillings extra freight would mean the loss of an order to a British trader.

14. So far as the rebate system is concerned we cannot say that we have suffered by that. We have never forfeited any amount due to us, nor to our knowledge have other shippers. At present, the practice is discontinued. Looking at the question from a broad standpoint, we think it is apparent that a combination such as this has very great opportunities of hampering British trade with Canada, they show distinct advantage to the United States, and there is certainly not the alleged advantage or satisfaction commonly supposed to be provided by such a combination, of knowing that all shippers are on the same basis. Tariffs and classifications are not issued, generally speaking, to shippers, and there is no doubt that cut rates are quoted and commissions given to agents.

17426. (*Chairman.*) From the proof, I see there is a combination or a Conference of shipowners who control the carriage of goods from Liverpool to Canada?—Yes.

17427. And that is called the Canadian North Atlantic West Bound Conference?—Yes.

17428. The Lines comprised in that Conference are the Allan Line, the Canadian Pacific Railway, and the Dominion Line, all of which go from Liverpool?—Yes.

17429. Then there are the Manchester liners from Manchester, the Donaldson Line from Glasgow, and the Thomson Line from Newcastle?—Yes.

17430. These are the members of the Canadian North Atlantic West Bound Conference, but there is another Conference that controls the freight from London, and that is called the London Conference, I take it?—That is what they put on their tariff lists; they call themselves the London Conference Lines.

17431. They comprise, however, several of the Lines comprised in the Canadian North Atlantic West Bound Conference?—Yes; for instance, the Allan Line have boats sailing from both places, and so have the Canadian Pacific Railway.

17432. Do you know when these Conferences were first formed?—No; I am not sure of the date when they commenced.

17433. In the third paragraph of the proof of your evidence, you state: "The action of the Conference "throughout has been to force the rates up. From the "winter season of 1905 and 1906 in particular, the "ocean proportion which, previous to that, had stood "at about 10*s.* per ton, measurement, was raised to "12*s.* 6*d.*. and at the present time, on dry goods, "stands at 16*s.*" Do you know any reason why the freights rose in the manner you have there described?—I should put it down to the fact that there was no competition outside the Conference Lines.

17434. Had the price of coal risen at that time, do you know?—I do not know; but, of course, it has risen of late years.

17435. Is there any combination of merchants in Canada or in London who trade from England to Canada or from Canada to England?—Not that I know of. We are not in any such combination.

17436. These Conferences were formed long before 1905, were they not?—Yes, I think there certainly was a Conference before that; but the rates about that time began to increase.

17437. Can you positively say whether that is not due to other causes than the existence of the Conference?—I do not know of any other cause. The rates at that time remained the same to States' points.

17438. In paragraph 4, you state that there were available from Liverpool steamers outside the Conference Lines?—That is so.

17439. There were steamers from Liverpool to Boston by the Cunard, the Leyland, and the White Star boats?—Yes.

17440. Then you say that the ocean rates by this route stood at one time at 8*s.*, but they have advanced and still were, up to 1908, below the rates in operation to Canadian ports, and you add, "They are now "identical for through Canadian traffic, with the Con- "ference rates." Will you just explain that a little? Do you mean the rates from Liverpool to Boston are now the same as from Liverpool to Canada?—For Canadian traffic, yes.

17441. Some time ago, were the rates from Liverpool to Boston very much lower than the rates from Liverpool to Canada?—No, I do not think they were very much. As I said, at one time it did stand at 8*s.*—I believe that was about 10 years ago; and I know that through rates could be got lower than the Liverpool Conference Line rates, and so, presumably, the ocean proportion would be lower.

17442. In paragraph 5, you state at some length that these Conference Lines comprise steamers of different characters and classes—some quick steamers, and some older and slower boats, and yet there is no difference in the freight for goods carried by these steamers, is there?—That is so; they are in most instances the same.

17443. You do not say the freights are always the same, do you?—Comparing them with the Liverpool rates, they are, in most instances, the same, but there are some differences. The London rates are, in most of those instances, higher than the Liverpool rates.

17444. In regard to the trade between Liverpool and Canada, are there many steamers outside the Conference Lines?—Not at present, as far as I know.

17445. In your opinion, that fact has caused freights of late to rise, has it not?—Yes.

17446. In paragraph 7 you say that, "In 1903 the "average cost of shipping 40 cubic feet of dry goods "to Toronto was 24*s.*, as against 28*s.* 9*d.* in 1907"?—Yes, that is so.

17447. Are you prepared to state that this rise in freight was not due to the rise in the price of coal or any other such cause, but was solely due to the fact of the existence of these Conference Lines? Is that your view?—No. In our proof we have said that the increase was caused by the rise in the ocean proportion.

17448. What do you mean by that?—I mean that those figures which we have quoted are through rates to Toronto, and that, of course, there is an inland proportion to be reckoned; that has not risen.

17449. Have you examined the question to what cause the rates of freight in the ocean proportion might be due?—I think we have said in this proof, in one place, that some of the boats they had built may cost more to run than the older boats.

17450. Do you mean that some of the boats are better than they were formerly?—Undoubtedly.

17451. You would state, would you not, that they were necessary to earn a better rate of freight, but as the freight is uniform with all the steamers, in that way the freight has generally risen. Is that your view?—I think that freight has risen simply through lack of competition.

17452. If Canadian merchants or the merchants trading to Canada think the freight too high, why have they not chartered other steamers?—It would take a pretty extensive combination to do so.

17453. Why should there not be a pretty extensive combination?—I do not know; it is possible that there might be in the future.

17454. In paragraph 8 you make an important statement, namely, "The advance in ocean rates on "Canadian traffic has not been coupled with a parallel "movement for United States traffic carried by the "Conference Lines. Dry goods to any point in Canada "other than Montreal are charged 15*s.*, measurement." Why is there an exception for Montreal?—I do not know. Of course, it is on the seaboard, and yet the rates are higher to Montreal than to inland points.

17455. You proceed, "if for a western United States "point, the ocean basis figures *out at 7s. 6d.*, measure-"ment." You know of no reason why the ocean freight offered to a western United States point should be so much less than the ocean freight to Canada?—I think that there is competition viâ other ports.

17456. Competition to the United States?—Yes.

17457. The competition is, of course, an important factor. You think competition in the trade to the United States is the reason why the freight to the United States is so much less than the freight to Canada; is that your view?—Yes. That is the only reason I can think of.

17458. You give illustrations of that fact: "Carpets "for Canada are charged 12*s.* 6*d.* as against 7*s.* 6*d.* "Crockery 10*s.*, weight, as against 6*s.* 6*d.*, weight," and so on. In the next paragraph, No. 9, your firm draws these two inferences, that, inasmuch as the freight is much lower to the United States than the freight to Canada, therefore, either the freight to Canada is unreasonably high, or the Conference Lines are carrying goods to the United States at a loss, and making good that loss by increasing the freight to Canada?—Yes; I think that is a correct inference.

17459. In paragraph 10 you say, "So far as "Canadian traffic is concerned there is no competi-"tion from the United States. The only ports in the "question are New York and Boston." Do you mean by that that the only ports from which goods go from the United States to Canada are New York and Boston?—Those are the only two ports which would be in question.

17460. (*Sir David Barbour.*) The only ports which import goods by sea for Canada?—Yes.

17461. (*Chairman.*) Are goods exported from New York and Boston to Canada by sea?—Do you mean United States goods?

17462. Yes?—I think not; or, at any rate, it would be a very small percentage. I do not know of any.

17463. So that the only trade by sea between the United States and Canada is an import trade from Canada to the United States?—I do not quite follow.

17464. (*Sir David Barbour.*) I think what the witness means is, that the only ports in the United States that can take goods from this country and send them on by railway to Canada are New York and Boston; and that New York and Boston may possibly compete with Canadian ports for goods from this country, because the goods can be sent to Canada by railway from New York and Boston?—That is what I mean.

17465. (*Chairman.*) You go on to say "In the case of "the former"—that is to say, New York—"the inland "rate is so much in excess of the rate from Canadian "seaboard to Toronto that there is no question of "competition"?—That is so.

17466. Now I will go to paragraph 12. There you say, "Another instance of where the Conference are "prepared to take lower ocean proportion is that of "traffic from Germany, which they attract via Liver-"pool by offering rates of from 11*s.* to 11*s.* 9*d.*, "measurement, as against 15*s.* for British Canadian "traffic." Your firm draws, it seems, the inference from that fact that the freight charged by the Conference Lines to England must be unreasonably high?—We think that they should be prepared to do as much for British traffic as they are for foreign.

17467. Then, you point out what, of course, we all know, that the position of Canada differs very much from that of South Africa, inasmuch as there is no lack of freight offering on the homeward voyage from Canada, whereas there is little freight homeward from South Africa?—Yes.

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17468. One word as to your last paragraph 14, where you say, "So far as the rebate system is con-"cerned, we cannot say that we have suffered by that." Have you much to do with the shipping business of your firm?—Not at present, but I have had a good deal to do with it.

17469. Is there any rebate system in existence in the Canadian trade?—At present?

17470. At present?—On all the tariffs that are issued it distinctly states "no primage"; "no rebate."

17471. Can you tell us this distinctly; of course, if there were any rebate system in existence your firm, which ships extensively to Canada, would claim the rebate; does your firm ever claim any rebate?—We have had rebate, certainly.

17472. You do claim rebates?—We have had rebates; but we are not doing so at present, and so far as we know, they are not given.

17473. What do you mean by "we have had re-"bates"? I mean, do you always claim rebate or do you not?—We should certainly claim anything to which we were entitled.

17474. Then, do you regularly claim rebates or do you not?—We have been allowed rebates, certainly; but when you say "claim them," I presume you mean as in, say, the South African trade.

17475. When you have been allowed rebates, in what manner have you been allowed them? Have you claimed them?—They have been returned to us. I do not think we have filled up forms for it.

17476. Are they returned to you regularly or only in exceptional cases?—They were returned to us regularly.

17477. (*Sir David Barbour.*) But you do not get them at present?—We do not get them at present; I think I said that previously.

17478. (*Chairman.*) When did you cease to have rebates?—I think in the winter season of 1907-8.

17479. So that formerly rebates were allowed you, but since 1907 that system has been discontinued?—Yes.

17480. I suppose you could not speak of your own knowledge to this point? You say, "there is no "doubt that cut rates are quoted and commissions "given to agents." You, yourself, can scarcely give evidence on that point, can you?—No. I know that we have had offered, through outside people, lower rates.

17481. Then you can give evidence on that?—I mean shipped by Conference Lines, but by people other than the Lines themselves—agents.

17482. (*Sir Alfred Bateman.*) Can you tell me how they calculate the ocean proportion which is charged on the goods?—We, ourselves, would take an average of what the goods in question measured, and how their measurement compared with the weight, and we would work on that basis.

17483. How do you know what the inland proportion is?—I know it.

17484. From certain tariffs?—Yes, from tariffs.

17485. You know what the inland tariff is, and you subtract the inland proportion from the total that you are asked to pay?—Yes.

17486. By doing that you arrive at this dry-goods rate of 15*s.*?—Are you referring to that at present?

17487. Yes?—At present, the Lines charge the ocean proportion separately, and the inland proportion separately.

17488. They show it separately?—Yes, they show it separately on the freight accounts.

17489. Do you pay all at once? Do you pay the through rate to Toronto?—Yes, we pay them both.

17490. You pay both, but they show separately what they charge for their ocean rate and what is charged for the inland rate?—Yes.

17491. For Canada or for the United States?—For Canada.

17492. In paragraph 5 you speak about South Africa, and you say, "there, of course, shippers may "also avail themselves of sailing vessels." Can you

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avail yourselves of sailing vessels in the Canadian trade?—Not as far as I know. We have never had any opportunity offered us.

17493. Because there are not any sailing vessels?—There is no regular Line of sailing vessels.

17494. And the tramps would not suit your purpose, would they?—I cannot say that we have had freight offered us by tramps even.

17495. You are not stopped by any rule of the Conference Lines from availing yourselves of sailing vessels, but simply because there is not a proper supply of sailing vessels?—I do not think they make any stipulation as to sailing vessels.

17496. (*Sir David Barbour.*) Nor as to the tramps?—I do not know; when they were giving rebates, they would have objected.

17497. But there is no rebate?—Not at present.

17498. (*Sir Alfred Bateman.*) So now that does not arise?—No.

17499. Because you say the rebates have been given up since last year?—Yes.

17500. Then in paragraph 13 you say, "We have "heard of instances where a few shillings extra freight "would mean the loss of an order to a British trader." Will you tell us anything that you know about trade lost through higher freights levied on goods to Canada from here than from Germany?—We have ourselves known of goods that have been bought here having to be bought in Canada by our own firm—goods that had previously been bought in England we have had to buy in Canada.

17501. In Canada?—Yes, from manufacturers in Canada; similar to the goods that are manufactured here

17502. You mean, that goods, instead of being made here and imported into Canada are made in Canada?—Yes.

17503. That is not quite what I asked you. Do you know of any cases in which goods are sent from Germany to Canada instead of coming from here—competing goods—metals, say?—No; I do not know of any specific instance.

17504. I want to know whether you have found any trade has been diverted to Germany for the reasons which you give, namely, the higher freights from here?—No, I do not think so, because in the case of the Canadian trade, you see, there is a surtax on German goods which would far outweigh the difference.

17505. It would counterbalance it?—Yes.

17506. (*Professor Gonner.*) You used not to claim the rebate, you said?—It was understood when we offered the people the traffic that it would be returned to us, and it always was.

17507. But, then, did you not have, to your knowledge, to send in a specific claim?—No; as far as I know we did not.

17508. What assurance did you have to give that you had not shipped any goods by other Lines?—I do not know that we gave any assurance.

17509. But you were surely not entitled to the rebate unless you had given them your exclusive shipping, were you?—Yes, I think so. At that time, the Lines quoted rates separately. Of course, we might have shipped by the Dominion Line, and have had rates from them, and by the Allan Line and had rates from them, and then we should have received any rebates separately.

17510. But they were in the Conference together, were they not?—I believe so at that time. They did not publish tariffs then.

17511. You know the rebate system, as a rule, provides for a system of claim on which the shipper of goods has to give the assurance that he has not shipped by any Lines outside the Conference?—Yes. I do not think that they have ever been so strict in their application of it in this Conference.

17512. Then, you do not think the rebate system in the Canadian trade has ever been very strictly applied?—No, I do not. I think that it might be in the future.

17513. But hitherto it has not been a very rigorously defined system?—No.

17514. As a matter of fact, were there outside Lines at all?—Yes. The Thomson Line were outside, but they are in now.

17515. Then, there might be tramps; do you think, for instance, you would have forfeited your rebates if you had shipped goods by tramps?—I do not know. We did not ship any goods by tramps at all, and I cannot say how that would have been.

17516. At any rate, it was not very clear?—No.

17517. It has not been systematically done?—It was not systematically done in the same way as it has been for the South African trade.

17518. Are you an English house or a Canadian house?—We are a Canadian house.

17519. Then, you import goods from the United Kingdom?—Yes.

17520. Do you export goods at all?—No.

17521. You are only an import house?—Yes.

17522. You do not know whether there is any rebate system on the export trade from Canada?—I do not know at all.

17523. And you would not know?—No.

17524. What goods are the goods that you import?—We import all sorts of dry goods such as dress goods, silks, carpets, linoleums, and so forth.

17525. (*Chairman.*) Timber?—No, we do not import timber, but we do import crockery, earthenware, and anything general.

17526. (*Professor Gonner.*) You do not import iron to a large extent, do you?—No. We are a departmental store in Canada.

17527. (*Mr. Owen Philipps.*) Your firm complain that the rates are now identical, both by the United States Lines and by the Canadian Lines on through traffic to Canada; is that so?—Yes.

17528. Do you not think this is an absurd complaint to make?—We are not exactly complaining about it. We say that these Lines, though not in the Conference, charge exactly the same rates. We put that in to show there is no competition.

17529. Your actual complaint is, that the rates are identical both through the United States and to Canada direct?—We say that is so.

17530. Is it not the case that you are also complaining that the rates are now too high?—Yes, we think they are high.

17531. Have you or any member of your firm any experience of the expense of working a line of steamers?—No.

17532. Have you any means of judging what are high rates?—We have compared the rates with what they are charging to the United States, and we think that if they can charge those rates for States' traffic there must be some profit in it or they would not continue to do so.

17533. Are you aware that a good many Atlantic Lines have ceased to exist in the past?—I think that some have changed hands, have they not?

17534. Am I correct in stating that your objection is not so much to the deferred rebates as to the Conference of shipowners fixing identical rates?—Yes. I also think that in the future, if there were competition, very probably they would enforce the rebate system.

17535. Is it the case that prior to the formation of the present Conference Agreement, your firm had arranged through a despatch company to get bulk goods carried to Canada at a low-weight rate?—I could not say. I do not remember.

17536. You cannot say whether that is so or not?—No, I cannot.

17537. But at the present time you are paying the same rates as your competitors?—We are paying the tariff rates.

17538. Your firm suggest in paragraph 14 of your proof that cut rates are quoted and commissions given to agents; and you have said that you had a knowledge of a case of cut rates having been offered to you. Can you give me the case?—I would not give the name of the people who did so; but we have had an outside agent make such an offer.

17539. You know a definite case yourself?—Yes.

17540. Within the last few months?—Yes.

17541. But you are not prepared to state the facts publicly?—No, I am not.

17542. (*Lord Inverclyde.*) Without giving names, surely you can give us the particulars of the case?—No. I would prefer not to give particulars about it.

17543. (*Mr. Owen Philipps.*) Could you tell me on what class of article it was?—It would be on general dry goods, I think.

17544. Could you give the Commission any idea to what amount this was a cut rate——

(*Mr. Barry.*) I do not think it is quite fair to press the witness on this point, because it might be giving away information that would be prejudicial to his firm—information which he has received of a confidential character.

(*Lord Inverclyde.*) With all respect to Mr. Barry, I do not think it is fair for a witness to make a statement which is rather one against shipowners unless he is prepared to prove it. He has made a statement and he is not able to give us proof.

(*Mr. Barry.*) There have been a good many statements made before this Commission which could not be made public for obvious reasons, and I think the same reasons apply, and strictly apply in this case.

(*Chairman.*) Would you mind telling me what the question is that is objected to?

(*Mr. Owen Philipps.*) The witness has made statements as to rates that have been quoted by agents within the last few months, and I have asked him first if he would give the particulars of the cases, he having refused to give the names; I then asked what was the extent of the cut rates.

(*Witness.*) They are not to a large extent.

17545. (*Mr. Owen Philipps.*) I would like to point out to you that your complaint against the shipowners is, that they have made an arrangement among themselves whereby you have to pay the same rates as your competitors?—Yes.

17546. Now, on the other hand, you tell us that you have been offered cut rates within the last few months, and I want to know some of the facts—it is a definite accusation or statement that you have made?—We say in our *précis* that there is no doubt that was done, and I have informed you that we believe that to be the case. We have been approached, but I do not say whether we accepted it at all.

17547. Have you actual personal knowledge of it yourself?—I was not personally approached.

17548. (*Chairman.*) Can you say without any doubt that freights were offered to your firm which were considerably lower than the freights generally charged?—I did not say "considerably."

17549. (*Sir David Barbour.*) But they were lower?—They were lower.

(*Mr. Sanderson.*) On that subject, may I, perhaps, try to assist in enlightening the Commission, as I know something about the Canadian trade?

(*Chairman.*) Certainly; pray do so.

(*Mr. Sanderson.*) The witness has told you that the Canadian Lines have determined among themselves to do away with this private rebate system, which became a perfect curse on the trade, as one shipowner gave more than another, and so on. Agents were quite entitled to it, and I have no doubt they would get their full share of it. But, like all rebate systems which are given without any specific time, they pass away month by month, and there may be some cases, especially no doubt in the case of these express companies, where the contract has not yet expired. No doubt that may be the explanation of this instance. Some express company may have some little advantage for a week or a month or two under an old contract which has not run out. I could not be certain, but I should say that probably is the explanation.

(*Lord Inverclyde.*) We may ask the witness if he accepts that?

(*Witness.*) I think that is quite possible.

17550. But you do not know whether that is the explanation of the last sentence in your proof?—That might explain the case in question.

17551. (*Sir Alfred Bateman.*) Is there a lower rate for a large quantity of goods?—No.

17552. There is the same freight for all?—Yes.

17553. (*Mr. Owen Philipps.*) Is it the same lines of steamers that quote through rates to western points in the United States as carry Canadian goods?—Yes.

17554. You have told us that the one instance of diverting trade from England, that you know of, was a case where you had to buy from a Canadian manufacturer?—Yes.

17555. Is it not a somewhat extraordinary complaint for a Canadian firm to come to a Royal Commission to bring as an accusation that you actually have had to support your own Colonial manufacturers?—I do not bring it as an accusation. We, as a Canadian house, are prepared to buy as far as possible from Canadian manufacturers; but we also, as an office here, do not like to see the trade go away from the United Kingdom.

(*Sir David Barbour.*) I do not think the witness volunteered that statement or made a complaint. He was pressed as to whether he ever knew a case of a diversion of trade.

(*Sir Alfred Bateman.*) Yes, I pressed him.

(*Sir David Barbour.*) He did not volunteer the statement or bring it as an accusation.

17556. (*Mr. Maddison.*) I take it that your complaint is not against the rebate system at all, is it?—We have not suffered by it in the past, but it is quite possible we may in the future.

17557. I suppose we can hardly go into the future, can we? So far as the past and present are concerned, you have not suffered by the rebate system at all?—No.

17558. Then what is your complaint?—We are complaining that the freights are higher than they were formerly, and from the fact that traffic going by the same boats, though to a different country, is charged at a lower rate, we draw the inference that we are paying more than is necessary.

17559. I wondered if you had anything in your mind as to how Parliament or this Commission could do anything to remove this complaint and this trouble; what do you suggest, I mean?—If there were no Conference we should certainly be better off.

17560. Do you think Conferences should be made illegal?—Yes.

17561. (*Mr. Barry.*) I believe your firm is the largest dry goods firm in the British Empire of its kind?—We claim to be.

17562. And possibly the second largest on the American side?—Yes, but I do not quite know how we compare with the United States concerns.

17563. The evidence you have tendered is from the point of view of a British shipper?—Yes.

17564. If the trade is transferred, whether to Germany or any other country, it is adverse to the interests of British shippers?—Yes.

17565. You naturally want to ship all you can from Great Britain?—We do. We would sooner our trade came to Great Britain than go to the United States.

17566. I observe in paragraph 5 that you object to pay the same freights by a slow steamer that you are called upon to pay by a fast steamer?—Yes, that is so.

17567. That is, I suppose, you object to pay first-class fare for third-class accommodation?—That is one way of putting it.

17568. In the class of goods you ship I suppose there is a certain proportion where the fast steamer is a considerable advantage?—Yes.

17569. Goods, for instance, affected by fashion and one thing and another of that kind?—Yes. We are anxious that those goods should get out there as quickly as possible.

17570. Then, I suppose, there is another proportion, and probably the largest proportion, that it would suit your convenience just as well to let them go by the slow steamer?—Yes.

17571. In objecting to the high rate of freight, which I take it is your general objection, I suppose you are comparing the rates of Canada, which is, so far as trade is concerned, a restricted market,

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with the open and free competition in freights to the United States?—We are.

17572. Do the lower freights to the United States make your mouth water as a shipper?—No; but we would like to get them, certainly.

17573. The reason you give, I suppose, is that the free market rates are necessarily lower?—Yes.

17574. And to that extent the American gets the advantage?—Yes.

17575. I notice you give some instances of the freight where, for carpets, for instance, the rate is 27*s* 6*d*. to the United States and 45*s*. to 50*s*. to Canada?—Yes.

17576. In your experience do you think that the high rates which you complain of to Canada have to some extent killed the preferential advantage which the Canadians give us?—I think it must counterbalance it to some extent.

17577. There has, I believe, been no increase in the percentage of British exports to Canada since the preferential rates came into operation?—No. I was looking through Mr. Grigg's report, in which he gives some figures as to the relative imports by Canada from the States and from the United Kingdom, and I have a rough note of them here. In 1903 the total imports from the States were 128 million odd as against 58 million from Great Britain; in 1904 they were 143 million, as against 61 million; in 1905 they were 152 million as against 60 million; and in 1906 they were 168 million, as against 69 million. You see there has been a very great increase in the imports from the States.

17578. Do you make any distinction between the natural products and the manufactured products in America?—Mr. Grigg remarks that of course a certain amount of these imports are natural commodities with which Great Britain could not compete; and he gives the figures for those. If you deduct them from the totals I have already given, the result is still very considerably in favour of the United States. In 1903 there was a difference of 22 million in favour of the States; in 1904, 24 million; in 1905, 37 million; and in 1906, 41 million.

17579. I believe, as a matter of fact, the great preponderance of American manufactures sent in to Canada is represented by the metal manufactures and the metals?—Yes. There are large quantities of metals imported.

17580. Metal manufactures being heavy, with a comparatively light rate on the value, is it a fair inference that the question of freight played an important part?—It would play an important part, of course.

17581. It would have a greater effect upon metal manufactures than it would upon textiles, where the weight is light and the value is high?—Yes, certainly.

17582. I think you said, in reply to a question by Sir Alfred Bateman, that you knew of a case where goods which used to be purchased in Great Britain were now purchased in Canada?—Yes.

17583. Is that entirely owing to the high freights, do you think? Were you compelled, in consequence of the high freight, to change your market?—Yes, the freight did make the difference, I think. It was a very small difference in price.

17584. The higher freight from Great Britain settled the question?—Yes, I think so.

17585. Have you had many instances of that kind?—No, not many. Of course, on some commodities the percentage of the freight on the value is very much higher than on others. On carpets it goes very high, and I believe carpets are being manufactured in Canada at present. Of course, they will be able to have a great advantage on account of the freight.

17586. Have you had any instances in your experience where trade has been diverted to Germany or to Belgium in consequence of the preferential rates which you mention here as being given to Continental shippers?—No; I think I remarked before that I had not, as the surtax on German goods would far outweigh that.

17587. I am going to ask you a question which you may or may not answer: The rebate system, I think you said, was discontinued in the winter season of 1907?—Yes.

17588. During the existence of the rebate system had you ever any concessions offered to you by shipping agents from the regular tariff?—Yes, we had rates offered us; I could not name them, but we shipped through shipping agents and their rates were in some cases lower.

17589. That was during the existence of the rebate system?—Yes.

17590. The reason I put that question was because it rather removes the explanation given by Mr. Sanderson, which was a very reasonable explanation, for the lower rates being offered now. If that system was in vogue during the existence of the rebate system that indicates that there was a subterranean way of getting at lower rates?—At that time I do not think that one could be certain that you were getting the best terms.

17591. Was the discontinuance of the rebate system a voluntary act on the part of the shipowners, or was it made owing to representations by shippers?—I do not know of any representations.

17592. It was voluntary in this respect—because they found it a troublesome system?—Yes.

17593. (*Mr. Sanderson.*) In regard to the rebate system under discussion, was it an open published schedule of rebates, or was it one of bargain between you and the Lines, or individual Lines?—It was not open and published; it was subject to arrangement.

17594. You made your best bargain with the Line which gave you the best terms?—Yes.

17595. That is the position, and there was no schedule of rates?—No.

17596. It is also known, I think, is it not, that the railway rates from the Atlantic seaboard are not as stable as they might be, and that there is an ability on the part of the express companies to get special rates. Are you familiar with that?—I am not aware of it.

17597. You allude in your proof to the fact—at least, I infer so, that you are prejudiced by the lower rates to the United States; do you include the local rates to the United States or only the through rates to the Far West?—I am speaking of the through rates.

17598. Are you aware of the local rates on fine goods to Boston and New York?—I do not know what the local rates are from Boston, but I believe that the Boston Lines will issue ocean bills to agents and the Conference Lines will not. If you wish to take out an ocean bill of lading by the Conference Lines, you will have to pay the local freight to the seaport, which would be higher than the rate to the interior.

17599. Would you be surprised to know that the local rates on fine goods, which you mention, are very much higher to New York and Boston than to Montreal and St. John—but you do not know that yourself?—I would think that they would not be higher to Boston.

17600. When I tell you that the rate to New York and Boston is 25*s*. and 10 per cent. for mail boats, 22*s*. 6*d*. and 10 per cent. for ordinary boats, and 20*s*. for cargo boats, I think that is conclusive evidence that they are higher?—Yes.

17601. You make allusion also to the lower rates from the Continent, but still you very fairly state that they do not prejudice British exports to Canada because of the surtax?—That is so.

17602. Are you aware of the reason for these lower rates from the Continent? Can you give the Commission any reason for them?—I think they are quoted to meet the traffic that is worked direct from the Continent.

17603. Naturally, if they have to get the cargo from the Continent they must take the same rates or lower rates?—They do.

17604. Can you explain why some Atlantic rates from the Continent, Hamburg and Rotterdam, for instance, are so much lower than from England at present?—The ocean rates?

17605. Yes; do you know the reason why the ocean rates are lower?—No, I do not.

17606. Is it not due to the fact that there are two opposition Lines fighting hard to get into the Continental Conference?—Yes.

17607. Then it might be construed as a temporary difference?—Yes.

17608. Am I right in assuming from your evidence that you have no objection to the rebate system as a system?—Yes, we do object to it. We have not suffered by it, but we do object to it.

17609. You would like a free and open market?—We would like a free and open market.

17610. And not to have these special private concessions that you have enjoyed in the past?—Yes.

17611. You would be willing to take the same rate as every other shipper?—We are prepared to take our chance.

17612. You have no objection to shipowners combining, I suppose?—We cannot prevent them, but we would rather they did not.

17613. Shipowners could not blame you for combining amongst your friends, could they? They have no right to do so, have they?—No.

17614. You have heard, I suppose, indeed, the Chairman has told you, that shipowners are living at present under very much increased charges?—Yes, he inferred that.

17615. What means have they got to make ends meet except by raising rates reasonably, we will say?—Why are we compelled to be the only people to pay that advance?

17616. But are you the only people? All freight in the ships pays a higher rate?—The United States cargoes are not paying the higher rate.

17617. I think so, surely?—I do not think so.

17618. You are speaking, of course, of the through rates to the Far West?—Yes.

17619. You admit that your through rates are the same, do you not?—No; our rates to Toronto and Winnipeg are not the same as to United States points.

17620. Are you in competition with goods viâ the Atlantic Lines to Winnipeg? Can they land them at Winnipeg cheaper than you can by the Canadian routes through rate to-day?—Do you mean viâ New York?

17621. Viâ New York or Newport News or further south, or whatever port you like. Can they deliver goods to Winnipeg as cheap as your existing rates by Canadian Lines?—No.

17622. So you do not feel that competition?—No.

17623. I thought not. You are perfectly free if a tramp should offer to a shipper to take his cargo to Canada?—At present.

17624. There are no restrictions of any shape or form?—No.

17625. (*Sir John Macdonell.*) What was the amount of the rebate which you received before 1907 and which was then abolished?—They were charging a primage of 10 per cent., which was returnable as rebate.

17626. Returnable at once?—No; I think it was returnable at the end of the season.

17627. Was the amount of the deferred rebate ever higher than 10 per cent.?—There were rebates given, as I have said, that were not published and were variable. These were returnable at the end of the season also.

17628. What was the maximum amount of these rebates?—Of course, I do not know what other people obtained.

17629. I am speaking of your experience?—I do not know whether I am at liberty to give the figure.

17630. I do not want to press you if you object. I should have thought there would be no objection to your naming the maximum deferred rebate which you have received in the past, but if you say you object I will not press it?—It was certainly as much as 10*s.*, and more.

17631. What percentage does that 10*s.* represent?—It would be 10*s.* per ton measurement.

17632. That does not give me much information?—On the through rates.

17633. What percentage would that amount to?—It is a very difficult thing to say, because the rates varied.

17634. Taking in your own mind an instance, and thinking of your figure, 10*s.*, tell me if you can what percentage that would be on the through rate? Would it be 20 per cent.?—It would be more than that.

17635. Would it be 30 per cent.?—Yes. I must point out that these through rates would vary from, say, 20*s.* up to 37*s.*, according to the commodity, and that it is difficult to determine.

17636. I quite understand your difficulty in giving me a figure which would be true of all through rates; I am asking you to give me the maximum figure, true of some particular through rate?—You might say 30 per cent. on some.

17637. And in some cases even higher?—Yes, it might be more.

17638. As much as 40 per cent.?—It might. It would vary. I am really unable to say, because the rates range so widely.

17639. At all events you are clear in your own mind that from time to time before 1907 you have received deferred rebates which might amount to 30 per cent.?—On some goods.

17640. Were these deferred rebates given to you at a particular time the same that were given by all members of the Conference, or did they vary?—They each quoted their own rates, and we accepted what were most favourable to us.

17641. From whom did you receive the rebates?—From the Line who carried the cargo.

17642. Did you receive it from the Line or from an agent?—We received it from the Line.

17643. Direct from the Line?—Yes. These figures that I am talking about were rates quoted by the Lines.

17644. For how long had the system which you describe as ceasing in 1907 existed?—I do not exactly know, but it was existing in 1901, I should think.

17645. At all events it existed from 1901 to 1907?—Yes.

17646. So that I take it the effect of your evidence is that from 1901 to 1907 there existed a rebate system, the amount varying with each Line, and in some cases the rebate amounting to 30 per cent.?—Yes; not in all seasons, but at some times.

17647. I do not want to put more into your answer than you wish. I understand you are speaking only of some cases. Are you acquainted with the rises from time to time in the preference given to British goods under the Canadian tariff?—I know, of course, of them.

17648. I put it to you that the preference was first given in 1897?—Yes, I think that is about it.

17649. Could you tell me whether there was any rise in freight in 1897 or thereabouts?—I am not conversant with the figures, but I do not think so.

17650. A rise in the preference took place in 1898, when it was raised, I think, something like 25 per cent. Do you know whether there was any rise in freight at or about that time?—I think not.

17651. Are you sure of that?—I do not think there was.

17652. Then there was another rise, I think, in 1900; was there any rise in freight subsequent to that?—I think not, but I am not sure. There may have been some slight alterations in the quotations, but I do not think it was marked.

17653. So that, trusting to your memory, you would say that the rises in the preference given to British goods under the tariff have not been followed by a rise in the rate of freight?—The rise in the rate of freight commenced about 1905.

17654. About 1905, do you say?—Yes; shortly after the surtax on German goods was put on.

17655. You have, of course, experience with regard to the bills of lading in use in your trade?—I have seen them, of course.

17656. You have read Mr. Grigg's report?—Yes, in the Blue Book.

17657. In that report, as you probably recollect, he draws attention to the statement that certain shippers think they have a grievance in the fact that they must ship on a through bill of lading for each

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parcel, although they may have two or three parcels going in the same ship; is that a grievance you are aware of?—Up to quite recently it was possible to ship through an agent who would combine your goods with other people's goods, and thus form a car load.

17658. That practice ceased, when?—I am not exactly certain when, but quite recently. They will not issue ocean bills of lading now except at the local rate; which would, of course, put a stop to that.

17659. Of the change which you describe, one of the effects is that you are unable to get the less through rate given for full car loads?—Yes.

17660. I suppose that there is competition going on for what I may call the hinterland traffic in the United States and Canada, that is to say, the traffic in the back part of the country and in the Western States?—Do you mean by the Lines?

17661. By the Shipping Lines?—Not to Canada, as far as I know.

17662. One of your grievances, as I understand it, is, that the ocean rate to certain United States ports, New York and Boston, works out at a figure which is sometimes about half to three-fourths the proportionate ocean rate to Canadian ports?—No; our grievance is, that the United States traffic going by the same boat as Canadian traffic is charged a lower rate.

17663. Will you explain that by taking a particular case? Suppose there are two consignments, one going to Canada and one going to the United States, show me what the different figures would be?—If I were shipping dry goods for Canada viâ Portland or Boston, I would have to pay 15*s.* per ton, measurement.

17664. To what point?—To Toronto. On the other hand, if I were shipping goods to Detroit, say, in the United States, I should expect to get a rate of about 7*s.* 6*d.*

17665. The railway journey to Toronto would be as compared to the railway journey to Detroit, much about the same?—Detroit would be slightly further.

17666. There, again, there is a difference of something like half?—Yes.

17667. Take traffic which is going, say, to Quebec, and traffic which is going viâ Canada to Chicago; could you give me any idea what would be the relative proportions of the two freights, taking dry goods as an example?—You say Quebec, but suppose I take Montreal?

17668. I was going to name Montreal by-and-bye?—I am not certain, but I fancy for Quebec the ocean rate is 27*s.* 6*d.*

17669. What would the same goods, if going viâ Canada to Chicago, be charged—about?—At present this is the winter season, and you are unable to ship viâ Quebec.

17670. Take the summer season?—I do not know what they will quote, but I should imagine that a rate could be got at about 7*s.* 6*d.*

17671. 7*s.* 6*d.* to Chicago?—Yes.

17672. As against 27*s.* 6*d.* to Quebec?—Yes.

17673. But first, are you sure of these figures?—As I pointed out, I do not know what they will quote this summer.

(*Sir John Macdonell.*) I am asking you to draw from your experience?

(*Mr. Maddison.*) We have had rates like this put forward, but if the witness does not know, is it any use continuing? I mean to say, they are so important that my mind wants to get something definite, but the witness says he does not know.

17674. (*Sir John Macdonell.*) I quite appreciate Mr. Maddison's observation, and the next question I was going to ask you, Mr. Portlock, was this: Please tell me in your past experience what the rates were to the two towns which I have named? If you answer that you do not recollect, or that you do not know, it is at an end?—I know that the rates have been lower, and I know that at present they are lower.

17675. I do not want to press this, but if you say your memory is a little uncertain I will stop at once. The point I am putting to you is this: Can you tell me from your past experience what were the rates on goods conveyed to Quebec as compared with the rates on goods going to Chicago viâ Canada?—I could not give you a definite rate.

17676. Could you give me the rates from Liverpool to Montreal as compared with the rates from Liverpool to Chicago viâ Canada?—The rate for Montreal is 25*s.*

17677. Do you know what the rate is?—I have told you just now that for past traffic I could not give you an exact figure. I believe the traffic has been carried at about that figure.

17678. About what?—About 7*s.* 6*d.* But we do not ship cargo to the States.

17679. Could you, without any great trouble, ascertain what the rates have been in the past in the two cases that I have mentioned to you?—I should think I might. I may say, just to support our statement here, that I have seen a rate of 7*s.* 6*d.* for the States—I am not merely going on hearsay; I have seen a rate. You asked me for a rate last summer season—the summer-season rate for Montreal—and I am not sure about it, so I do not give you a definite answer. At present I have seen a rate of 7*s.* 6*d.*

17680. To Chicago?—For western points—you may say Chicago or Detroit.

17681. (*Chairman.*) Could not your firm easily give us these rates?—They would not quote States rates to us.

17682. (*Sir John Macdonell.*) Do you think it would be possible to obtain, without much difficulty, these figures which I have asked you to give me?—I do not know. They would not let us find out United States rates if they could help it. I may say that there is no agreement about United States rates. I have seen rates quoted for the beginning of this season which I know are now broken; and though these are lower than for Canadian points, even still lower rates might be obtained now.

17683. (*Mr. Lawrence.*) Is it the fact that the rate of insurance on steamers to Canada is higher than that on steamers to the United States, which might affect the rates of freight to some extent?—I do not know. I think that very likely the rate of insurance for navigation for the St. Lawrence is higher.

17684. But you do not know as a fact?—I do not know what the figures are.

17685. When these rebates were granted was it in consequence of any circular, or any special request of the merchants?—Not that I know of.

17686. It was a voluntary act on the part of the shipowner?—I believe so.

17687. (*Lord Inverclyde.*) I was not quite clear about this rate of which you spoke to the Commissioner. Do I understand you to say you know that a rate for the same article from Liverpool to Montreal would be 25*s.*, and from Liverpool to an interior American town, viâ Montreal, would be 7*s.* 6*d.*?—No, I do not, because at present traffic cannot go viâ Montreal; the port is closed. It can go viâ Portland or St. John's and Halifax. Those are the ports they use. Viâ Portland, I believe, that rate is in operation.

17688. Do you know how much of the 7*s.* 6*d.* goes to the ship and how much to the railway?—The 7*s.* 6*d.* is the ship's proportion.

(*Sir John Macdonell.*) We are at cross purposes.

17689. (*Lord Inverclyde.*) You told us, I believe, that the through rate was 7*s.* 6*d.*?—No, the ocean rate for traffic through to that point. I am sorry that you misunderstood me.

(*Sir John Macdonell.*) I must put one question again to you.

(*Professor Gonner.*) In justice to the witness, it should be pointed out that he states perfectly clearly in his proof (paragraph 8) that the "ocean basis" was 7*s.* 6*d.*

(*Lord Inverclyde.*) I know that. I am only wanting to clear it up.

17690. (*Sir John Macdonell.*) I ask you now, can you tell me from your past experience what was the rate to Montreal as compared with the through rate,

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including the ocean transit and railway transit viâ Canada to Chicago?—I could not tell you exactly what the inland rate to Chicago is, but it is only the ocean proportion that has any bearing on it.

17691. (*Mr. Barry.*) You do not ship any goods to Chicago?—No.

17692. (*Lord Inverclyde.*) There is only one other point, and that is one which the last Commissioner referred to. Is it not a notorious fact that the insurance to the St. Lawrence is a great deal heavier than the insurance to New York?—I am not aware of it. I do not know what the figures are.

17693. Are you not aware that it is a well-known fact that insurance is extremely heavy up the St. Lawrence?—I am not acquainted with the insurance figures at all.

17694. (*Chairman.*) Of course, you are too young to know of the circular which was issued in the year 1877 offering rebates; that was before your time?—I know nothing about that.

17695. You may take it from me, from evidence which I have before me, that in 1877 the Allan Line issued a circular to shippers and importers offering certain rebates to those who did not ship by other steamers; but that was before your time, as I have said. I come now to the year 1898, when there was a good deal of opposition and competition. Do you know that in the year 1898 the Allan Line began to make contracts with importers giving to importers who gave the Allan Line all their traffic 20 per cent. return; to those who gave 75 per cent. of their traffic, 15 per cent return, and to those who gave 50 per cent. of their traffic, 12½ per cent. return; do you know anything about that?—No, I have never seen that.

17696. If that was so, that would account, I think, for some of the facts that you gave in your evidence, namely, that special advantages were given to your firm?—The advantages I mentioned I presume that other people got as well, but I do not know what they did get. We got them, but they were not published.

17697. In the year 1900, instead of making contracts with several merchants, the Allan Line offered a deferred rebate of 20 per cent. to those who supported exclusively the Allan Line; do you know anything about that?—No.

17698. Then you say, I think, that you do know that since 1906 or 1907 there has been no system of deferred rebates?—I think there has been no system of deferred rebates since the winter season of 1907 and 1908.

(*Chairman.*) I am sorry that you have been called upon so suddenly to give evidence, but you have done very well, and we are very much obliged to you.

(*Witness.*) I am very sorry that Mr. McGillivray, my senior, is unfortunately laid up, or he would otherwise have come and given you all the information he could.

Mr. JOHN ARCHIBALD ROXBURGH, called and examined.

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17699. (*Chairman.*) You are the senior partner of J. & A. Roxburgh, shipowners and shipbrokers, Glasgow?—Yes.

17700. And you have prepared a *précis* of your evidence which can form part of our records?—Yes.

(*The witness handed in the following statement.*)

1. I am senior partner of the firm of J. & A. Roxburgh, shipowners and shipbrokers, Glasgow. In addition to being associated with various steamship companies, I am managing owner of four large iron and steel sailing vessels. I have been President of the Sailing-ship Owners' International Union since it was formed, and still hold that position.

2. The object of the Union is to prevent the disastrous competition which had come into sailing-ship business, owing chiefly to the manner in which French sailing ships have to be worked in order to earn the bounty paid to them by their Government. This bounty is paid at so much per gross ton for every 1,000 miles sailed, and lasts at an annually decreasing rate for 10 years from the date of the building of the ship. The object of the French bounty is presumably to make good to the owner, the extra cost of a vessel built in France, compared to the cost of a similar vessel built in England or Germany.

3. The first consideration of the British or German shipowner is to earn as large a freight as possible for the distance he sails. The French owner, owing to his receiving no bounty while lying in port, is anxious to cover as much ground as possible during the ten years his bounty lasts, and it is not of so much importance to him to get the highest possible market rate of freight, provided he secures a cargo and can get short turns in loading and discharging. He cannot afford to lie idle in port till freights improve.

4. The years immediately prior to 1900, saw a large addition to the French sailing ship fleet, and when French ships became numerous enough to be an element in the freight market, merchants, naturally made the most of the position, and by playing off the Frenchman and his necessities against the German and British owners and *vice versâ*, succeeded in bringing sailing ship freights down to such a point, that even the Frenchman with his bounty could do no good.

5. By 1903, matters had reached such a pass, that it was felt something must be done to remedy the position. Laying up a certain proportion of the sailing-ship tonnage—French, German, and British—was thought of, but the fact that French ships earned no bounty while lying idle, made such arrangement impossible. It was eventually agreed that the only solution of the difficulty was to form an Association containing as many as possible of the general trading sailing ships of all nationalities, including French vessels, and that the owners of all the ships in that Association should be bound, under penalty, not to engage their vessels at less than certain minimum rates of freight. A Conference was held in Paris on the 10th and 11th of December, 1903, at which representatives from Britain, France, and Germany were present, and as a result, the Sailingship Owners' International Union was formed in May, 1904. As the situation affected only the large sailing ships in general trades, it was agreed that all vessels in special trades and all ships under 1,000 tons net register should be disregarded.

6. The Union was originally started on the basis of not less than 75 per cent. of the British, French, and German tonnage interested in the trades affected being included. The percentage has since then risen considerably, although, owing to losses and sales, the tonnage in the Union is for last year considerably less than when it was formed. The figures are as follows:—

For 1905	Tonnage,	1,406,884
,, 1906	,,	1,399,590
,, 1907	,,	1,210,169
,, 1908	,,	—

7. The Union is controlled by an International Committee consisting of 15—say, seven from Britain, four from France, and four from Germany. This Committee elects a President and two Vice-Presidents, and its meetings are held three or four times in the year, at such places and times as may seem most convenient. It has met in London, Paris, Hamburg, Bremen, Liverpool and Glasgow. Each centre where there are members of the Union, say, Scotland, Liverpool, London, France, Germany, elects a local Committee, and they in turn annually elect representatives to the International Committee to serve for the ensuing 12 months. The headquarters of the Union are situated in London, and the officials do their work gratuitously. The subscription is only £1 per ship, the money received being applied to the office charges and the travelling expenses of the members of the Committee

8. Owners who join the Union bind themselves not to accept for the ships they control less than the minimum rate appointed by the International Committee for any voyage for which the Committee has fixed a rate of freight, and the various owners are prohibited from chartering except on the recognised terms of charter for the particular trade.

9. Owners joining the Union remain members thereof from year to year, but may terminate their membership at 31st December in any year, on giving two months previous written notice to the Committee.

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10. The International Committee fix the minimum rates of freight from the various loading ports as they judge best in their absolute discretion, and they have power to fix different minimum freights for ships of different sizes. Intimation of the rates of freight fixed by the Committee are, as required from time to time, given to the members of the Union by circular letter, and specifying a time after which any rate of freight dealt with in the letter becomes operative.

11. Originally it was intended that the Committee should fix both outward and homeward rates, but it has not been found practicable so far to fix outward rates, and the Committee have power for the present to fix minimum rates of freight for the principal voyages in which sailing ships engage, excepting only outward voyages from the United Kingdom or Continent of Europe, for which no rates of freight shall be arranged, each vessel being left free to make the best rates she can.

12. If the minimum rate of freight is not obtainable for any vessel, she must be laid up until such a rate can be got, or, in the option of the owners, may leave the port in ballast.

13. The Committee has power to call upon each member of the Union to disclose, on oath, the rate of freight and conditions of any charter.

14. In event of any member of the Union committing a breach of his undertaking or of the rules of the Union, he is liable to pay to the Committee, liquidated damages, of 5*s.* per ton on the dead-weight capacity of the ship in connection with which the breach has been committed.

15. Sailing ships now-a-days are very seldom "laid "on the berth" by owners. The whole ship is almost always chartered outright by merchants, and it is for these charters that competition takes place. The Union has no system of rebates, and it frequently happens that a non-Union ship is able to undercut for a particular freight. As, however, very few large ships are still outside the Union, it is found in practice that after one or two non-Union ships have been fixed, merchants are usually obliged to pay the Union rate. It is in the power of the Committee, however, to reduce or even to cancel any rate they have fixed if circumstances appear to them such as will prevent the Union rate being obtainable, and this they have done in one or two instances. The rates fixed are intended to be minimum rates, and are, therefore, pitched low. They have the effect, however, of preventing owners fixing ahead at ridiculous figures.

17701. (*Chairman.*) You are associated with various steamship companies, you are the managing owner of four large iron and steel sailing vessels, and you have been the President of the Sailingship Owners' International Union since its formation?—Yes.

17702. In the proof of the evidence with which you have been good enough to furnish us you state that the object of the Union was to prevent the competition which had come into the sailing-ship business, owing chiefly to the manner in which French ships had to be worked in order to earn the bounty paid to them by their Government?—Yes.

17703. Is that a large bounty?—It is very considerable.

17704. It is measured by the space traversed by these French sailing vessels, is it not?—Yes.

17705. So that French sailing vessels will not get any bounty for the period during which they are laid up in port?—No.

17706. It is not so important for these French vessels to get the highest possible freight, is it?—No, but they must keep moving.

17707. It would not pay them to wait for freight?—No.

17708. Then you say that these French sailing ships were able to offer very low freights, and in that way sailing ship freights fell to a very low point indeed?—Yes. Merchants knew the necessity of the Frenchman and took advantage of it, and played it off against the Britisher and the German.

17709. By that you mean, I suppose, that they put their goods on board French ships?—Yes, if he would take less rates. They offered a rate to an English ship, and if he would not take it they said, "We will "get a Frenchman." They went to the Frenchman and offered him something less, and so forth.

17710. This went on increasing till in the year 1903 the owners of sailing ships found it absolutely necessary to do something to remedy the evil from which they were suffering?—Yes.

17711. Of course, one remedy might be that they might lay up their ships and not take any cargo; but that would not have suited the French vessels?—No. The Frenchman said he must continue to sail, or he would not earn his bounty.

17712. Thus eventually it was agreed that the only way out of the difficulty was to form an Association, containing as many vessels as possible, whether English or foreign vessels, the members of which Association would agree not to take less than certain minimum rates of freight?—Yes.

17713. You state that in December, 1903, a Conference was held at Paris, at which representatives from Great Britain, France, and Germany were present, and as a result the Sailingship Owners' International Union was formed in 1904, of which you have ever since been President?—Yes.

17714. In paragraph 6 you have given us the tonnage of the ships belonging to the Association. In 1905 the tonnage was 1,406,884; in 1906, 1,399,590; and in 1907, 1,210,969?—Yes.

17715. You have just stated that the Union consists of English, German, and French vessels?—Yes.

17716. Are there any Italian vessels in it?—No.

17717. In paragraph 7 you state that it is controlled by an International Committee, consisting of fifteen members—seven from Great Britain, four from France, and four from Germany?—Yes.

17718. Then you state in your proof how the Committee elects its President and the two Vice-Presidents, how meetings are held several times in the year, and so on. Then comes the important statement as to the obligations to which the members of the Union bind themselves. They undertake "not "to accept for the ships they control less than the "minimum rate appointed by the International "Committee"?—Yes.

17719. The owners, I think you say, remain members for the year, and only for the year?—They are members from year to year.

17720. And they can terminate their membership at the end of every year?—Yes; but they have to give two months' previous notice.

17721. It is by the International Committee that the minimum rates of freight from the various ports are fixed; and, of course, that Committee informs the members of the Association of the rates so fixed by that Committee?—Yes. I have mentioned that the intimation of the rates fixed by the Committee as required from time to time is given to the members by circular letter.

17722. Originally it was intended, you say, that the Committee should fix both outward and homeward rates; but it has not been found practicable so far to fix outward rates?—That is so.

17723. Why not?—The reason was this. It was again because of the way in which the French bounty is paid. The Frenchmen said, "If you fix "an outward rate and we cannot get it, we may, "perhaps, have to sail to a foreign port in ballast, "and when we get there we may find another rate "which we cannot get, and we will have to sail "back again in ballast." They do not get any bounty when they sail entirely in ballast; they have to carry cargo for part of the distance.

17724. It is on account of that that the rates are not fixed for outward shipments?—That is so.

17725. The rates are only fixed for shipments homewards?—Principally from North America, South America, and Australia.

17726. So that your Association has nothing whatever to do with what may be called the outward trade?—That is so. The only case where we have anything to do with outward rates is, that we occasionally fix rates on the round out and home, without apportioning the proportion outwards and the proportion homewards.

17727. As I have said, the proof of your evidence will form part of our records, so I do not ask you to repeat everything which you have there stated. The

members of the Union undertake not to charge less than the minimum freight fixed by the International Committee, and if they commit any breach of their undertaking, or of the rules of the Union——By-the-bye, are there any printed rules of the Union?—Yes.

17728. Would you have any objection to furnishing us with those printed rules?—No; I will send you a copy with pleasure. I should have put one into my pocket. I only remembered this morning that I had not one. (*See Appendix* XXIII.)

17729. If any breach of those rules is committed by a member he is liable to pay to the Committee "liquidated damages of 5*s.* per ton on the dead-weight "capacity of the ship in connection with which the "breach has been committed." Have any members of the Union ever done that?—No; we have never had a case we have had to take up. We have had one or two cases in which people were supposed not to have done quite the right thing, but we could never bring it home. We have never had to take action under this clause.

17730. So that from experience you really do not know how that clause will work?—No. One of the most remarkable things is the harmonious way in which this thing has worked. Every now and then we thought we were at an end of it as some difficulty occurred, but we got over it.

17731. I have the rules here before me, as I find Mr. Webster had them?—Yes, they are in that little book.

17732. You say, in paragraph 15, that "sailing ships "now-a-days are very seldom 'laid on the berth' by "owners." The usual practice, of course, is to charter the whole of the ship?—Yes.

17733. You do not adopt any system of rebate at all, do you?—None.

17734. So your arrangement presents the case of a Conference of shipowners without any system of deferred rebates?—Yes.

17735. That is a marked characteristic of your Association?—It is not usual, I admit.

17736. But it seems to work very well?—Yes. Of course, you must remember the sailingship industry is a decreasing one. You will notice from these figures that the tonnage is going down each year simply because of losses and sales, and no ships being built. This Union would not have held together as it has done if it had not been a kind of *dernier ressort*. The owners felt that if something of this kind was not done they would have to give the thing up altogether. I believe that is really what keeps it together.

17737. I am glad you mentioned that. Your opinion, therefore, is, that competition amongst shipowners—I mean unlimited competition—is very injurious?—Of course, the sailingship owners have not only to compete amongst themselves but now-a-days they have to compete with steamers. The steamers are really what is pressing quite as much as the competition amongst the shipowners themselves.

17738. We have had evidence from representatives of Conference Lines, consisting of steamers, that in their case also they think unlimited competition would be very injurious; and they find it necessary to guard against unlimited competition almost as much as you do, only you do it without a system of deferred rebates?—Yes.

17739. (*Lord Inverclyde.*) Had the French Government anything to do with this arrangement before the French shipowners could come into it?—No.

17740. They did not require to get the permission of the Government?—No.

17741. I have only just seen these rules for the first time, but I see the book comprises a number of circulars which quote rates; by whom are these circulars issued?—These are the circulars issued by the Committee.

17742. To whom?—To the members of the Union.

17743. Not to traders?—No.

17744. It does not get into the hands of traders?—No. That is simply a private pamphlet which is issued every year giving the name of every ship in the Union, the name of every owner and the circulars that have been issued up to date, quoting different freights.

17745. This is dated May 15, 1907; is that the last?—Yes, that is the last. The next one will be issued in the course of a week or two.

17746. Will that be raising rates?—I do not know. I am afraid there is not much room for raising rates at present.

17747. These, I understand, are minimum rates?—Yes, they are minimum rates.

17748. As a matter of fact, do sailingship owners get higher rates?—It depends, of course, on the trade. This past year some of the rates were distinctly exceeded both from Australia and from California.

17749. Mr. J. P. Maclay gave evidence here, and he said he thought the Sailingship Conference did not now exist?—He was wrong in that.

17750. (*Sir John Macdonell.*) You have not found it necessary to adopt the rebate system?—I have no doubt if we could do it we should do it, but we cannot do it.

17751. Is that the only reason why?—That is the only reason why we do not do it.

17752. In your memorandum of the evidence you offer, you state that sailingships are now very seldom put upon the berth; they are, as we know, generally chartered?—Yes.

17753. Have you thought what has been the effect of the wide adoption by Steamship Conferences of the rebate system upon the sailing vessel?—There is no doubt it has been adverse to the sailing vessel.

17754. Would you mind explaining how it has affected the sailing vessel?—I can give you a concrete instance. We used to have a Line of sailing vessels that loaded in the Clyde for Mauritius. It is a small trade, and it took us about a month or six weeks to gather a cargo together. Some of the steamship Lines going to the Cape began to call at Mauritius, and they could put in a ship about once a fortnight or once in three weeks, with the result that the cargo would not wait for our sailingships, but they sent it off with the steamships. Of course, the steamship people said, "Unless you give us all your cargo you do not get "the rebate," and so our sailingships were killed.

17755. You do not wholly attribute that effect to the greater efficiency, at all events in some respects, of the steamship; you attribute it partly to the rebate system?—I do not attribute it entirely to the rebate system, but there is no doubt that even after they began to send steamers there, if there had been no rebates, we would have lived a good deal longer than we did in that trade.

17756. Is it your opinion that this rebate system is affecting adversely sailing vessels the world over?—Of course, the rebate system does not obtain except in the outward trade—to any extent, at least.

17757. Except in the outward trade, do you say?—There is a Conference in Calcutta, and so forth, but, generally speaking, it is in the outward trade.

17758. Do you find then that the trade of the sailingship is affected more adversely in the outward trade than in the homeward trade?—Certainly.

17759. That is a distinct difference?—Yes. The trades which are open to a sailing vessel now are very few, and they are all what you may call the bulk trade, that is to say carrying coal and carrying grain, nitrate of soda, and that kind of thing. The sailingships that carry general cargoes outwards are very few, and almost entirely confined to the Australian trade.

17760. I put it to you, is there not a natural movement in trade, quite apart from the rebate system, which sends to the sailing vessel cargoes which are carried in large quantities, and sends to steamship companies goods which are carried in smaller parcels?—I cannot say that, because the steamers now-a-days are coming into every trade—the bulk trade and all the rest of it. There is no doubt that, apart from rebates altogether, the steamer is eating into the trade of the sailingship because of the more regular service and the smaller insurance.

17761. But still your view is that that natural movement has been increased and accentuated by the rebate system?—I think it has; to what extent it is difficult to say, but there is no doubt it has been.

17762. You, a little time ago, stated that you would have introduced into your Conference or Union the

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rebate system if you could; might I ask what were the difficulties?—The difficulty is, that we cannot contract, for instance, to take all one shipper's goods—a man shipping grain from California, say. To begin with, he has not the least idea what he is going to ship—it depends on the markets on this side, and we could not guarantee to give him a ship whenever he wanted one. The thing was never thought of.

17763. You were prepared to do your best to introduce this system, but you could not?—I do not think we ever thought of it, because we knew the thing was absolutely impossible.

17764. Within your very large Union, I suppose, there are included various Conferences?—What exactly do you mean by Conferences?

17765. Are owners who are members of the Baltic Conference also members of yours?—We have nothing to do with the Baltic. There is only the one Union, and it is composed entirely of large ships which are engaged in certain trades—the long-voyage trades.

17766. And you have no reason to think that within your Union there are included a number of small Conferences with special agreements?—No. We exclude all ships under 1,000 tons register, so there are none of the vessels trading to and from the Baltic, for instance, which are in the Union.

17767. (*Mr. Sanderson*) As you told the last Commissioner, your business is practically confined to bulk cargoes?—It is.

17768. And, as you know, the rebate system does not touch bulk cargoes?—That is so.

17769. (*Mr. Barry.*) Can you say, as a matter of fact, to what extent French sailingship tonnage has increased under the bounty system?—In the year 1890 the total tonnage of French sailingships over 100 tons register was 61,500 tons; and in 1903 it was 402,000 tons.

17770. So it has increased?—It did increase; but it is not increasing now—it is going down.

17771. It has not increased since 1903?—I cannot tell you the exact year when it ceased to increase, but it was about that time, I should think.

17772. In the fourth paragraph of your proof, I think you tell us that the effect of free competition was so great that it destroyed to the Frenchman any advantages that the bounty system gave, so that he could make nothing out of the business?—That is to say, the expense he had to incur in working the ship took away any advantage

17773. Have you formed any opinion as to what the effect might have been if we had had free competition to deal with the French ships?—Do you mean the effect on British ships?

17774. Yes?—I think we should have been able to hold our own.

17775. Since the establishment of your Union in 1904, have you had any withdrawals of its members?—Occasionally a few.

17776 For the reason that it was not working satisfactorily from their point of view?—I cannot tell you exactly what the reasons were. There are certain people always who like other people to pull the chestnuts out of the fire for them.

17777. On the whole it has worked to the satisfaction of the majority of the firms?—Yes; it has worked very well, indeed.

17778. I think you said in reply to a Commissioner that you would like—you would greatly like, perhaps—to have the deferred rebate system if you could have it?—No doubt it would suit us, but the thing is impossible, and we never thought of it.

17779. But if it were possible you would like to have it?—No doubt it would give us a pool that we have not at present.

17780. The effect of it would be to give you greater grip and control over shippers?—There is no doubt about it.

17781. (*Mr. Maddinson.*) You say, in your second paragraph, that the object of the French bounty was to make good to the owner the extra cost of the vessel being built in France?—That is partly true, of course; that is to say, there were other objects. Of course, it was intended to foster the mercantile marine, ship building, and so forth.

17782. I was rather wanting to ask you whether you think that the amount of the bounty was about the difference between the cost of the ships in the respective countries?—It was more than that.

17783. So it was not just in order to do that?—No.

17784. Could you give us any idea how low the freights fell during this very heavy competition, as compared with the ruling freights now?—The rates from San Francisco came down to something like 10*s.* or 12*s.* 6*d.*

17785. (*Chairman.*) When?—In the year 1903, I think it was, but I cannot be positive. That is about the lowest they did fall.

17786. (*Mr. Maddison.*) 10*s.* to 12*s.* 6*d.*, do you say?—Yes; that was about the rate; they fell from, perhaps, 35*s.* or 40*s.* down to that.

17787. Did the desire for the International Union come from the French, or from us, or was it mutual?—I think it was mutual. They found that the very low freights which were ruling prevented them from doing any good with their ships unless they could not only make the increased cost of the ships but a profit by the end of the 10 years, when the bounty ceased.

17788. Do you think the Union saved the bounty?—That is rather a difficult question. Of course, we must remember that although one French owner could not carry on, his ship would be bought by another Frenchman, because it was only as long as the ship was owned by a Frenchman that she earned the bounty, so she would not be sold to a Britisher.

17789. Not within the 10 years?—Not while the bounty was on her.

17790. I am not quite sure whether you answered this question or not—whether, if you had gone on as you were, it would not have been the Frenchman who would have had to have given way?—That is, of course, a question one cannot answer definitely, but I should think not; they always would have had the bounty to the good.

17791. In regard to the class of ships that you have in your Union, those above 1,000 tons, I gather from your *précis* that you have not much outside competition?—There is some.

17792. Is there?—We have something like 80 per cent., I suppose, of the ships in, and the remaining 20 per cent. are in ones and twos, here and there.

17793. Will that 80 per cent. be of the tonnage of the ships?—Yes.

17794. Do you penalise seceders in any way?—Yes, there is one of the rules which says that if a man commits a breach of the rules he is liable to a penalty of 5*s.*

17795. What do you do to a firm who secedes from your Union?—We cannot do anything to him.

17796. Supposing he is offering freight, do you combine to cut him out?—It depends altogether on circumstances. We do not combine to cut him out, that is to say, we do not make a set on any individual; but if we find that the rate of freight which has been fixed is above what the market will stand, the Committee has power either to cancel the rate altogether and to allow everybody to make the best bargain he can, or to reduce the rate.

17797. I rather meant this: Supposing one of the firms were to leave your International Union and offer rates below your standard rates, do you ever cut at him and lower rates so as to squeeze him right out?—No.

17798. You do not?—No.

17799. There has never been any combination of that sort?—Nothing of that kind have we done so far.

17800 Would you favour that?—It is a question of circumstances.

17801. Still, my real question is—it has never been done?—It never has been done.

17802. (*Professor Gonner.*) In paragraph 6 you say 75 per cent. of the British, French, and German tonnage interested in the trades affected are included in the Union; what are the trades affected?—The trades in which large ships of over 1,000 tons are employed are comparatively few. They are the bulk trades, carrying coal, grain, nitrate of soda, and that kind of thing.

17803. Are those specified?—No.

17804. I was wondering upon what basis you measured your 75 per cent.?—For instance, we do not take into account a vessel which is in a special trade or is running her owner's own cargo. Then, we do not take into account the one or two Lines of ships that load out from this side that are in special trades, as it were.

17805. You have not got the 75 per cent. by a separate application of your Union to each special trade?—No.

17806. But you reckon that taking all the trades which you have defined, you have 75 per cent. of the tonnage engaged in them at least, or 80 per cent., I think you said?—I cannot tell you the exact percentage for this year as it is not made up yet, but it is something like that.

17807. Outside competition is not sufficiently numerous or strong, I suppose, to really undercut you?—We have held together so far; how long we will continue to do that remains to be seen. So far we have managed to get along.

17808. In paragraph 11 you say: "It has not been "found practicable so far to fix the outward rates"; why is that?—I think I replied to that question before. It is principally because the Frenchmen cannot do it. If you fix an outward rate, and they cannot get it and have to sail out in ballast, and when they get to the foreign port find they cannot get the minimum rate there and have to come home in ballast, they do not earn their bounty.

17809. Then, it is really owing to that special condition, is it?—That is the principal difficulty. The outward rates are much more difficult to work with, for the cargoes vary so much, and the ports vary so much.

17810. What other outward goods do you carry except coal—I mean, in large quantities?—Very often cement and coke—mixed cargoes of pig iron, cement, coke, and that kind of thing.

17811. It is not anything in the nature of the cargo which would prevent you naturally from fixing outward rates?—No.

17812. In the homeward trades where rebates prevail, do you find that your sailingships are unable to compete? For instance, in the Straits there is a rebate system?—There are no sailingships loaded there at all.

17813. There are not any now?—No.

17814. And the same with regard to South Africa?—Yes.

17815. Then, there is the Calcutta tea?—The sailingships do not carry tea now. The only thing they ever carry from Calcutta is jute—and that is very seldom.

17816. But they do carry jute to some extent?—Occasionally, but it is very seldom now.

17817. Then, the trade from China and Japan?—The only sailingship freights that are to be had there—and they are very scarce, too—are a kind of Chow-chow cargoes (which I do not think the steamers have any rebates for).

17818. Then, roughly, you mean that the system which permits of rebates practically excludes sailingships, that is, when you get a trade which permits of rebates, sailingships can hardly participate in it?—I do not know that you can say that exactly.

17819. I mean in practice?—You may put it this way—that the steamer trades where there are rebates are not trades into which sailingships can very well enter; but if there were no steamers the sailingship would be just as able to do it as the steamer is now.

17820. I see the difference that you make. If you take rice from the East, of course, in certain trades, even in rebate trades, rice is carried at an open rate?—Yes, it always is.

17821. Do sailingships carry rice?—To some extent, but very much less than they used to do.

17822. Is there any particular reason for that?—The steamer can do it cheaper.

17823. (*Mr. Owen Philipps.*) May we take it, that the sailingship has been gradually pressed out by the modern economical steamer?—The number of trades in which she can work is getting less and less.

17824. (*Professor Gonner.*) The sailingship is able to survive, apparently, in those trades where the rebate system is not applied so much?—I do not know exactly that the rebate system has to do with it at all.

17825. I am not saying it was because of the rebate system; I was merely suggesting that there are certain conditions of trade which do not allow of rebates, where, for instance, there is chartering of full cargoes?—Where you have a great deal of sailing to do and very dear coals, that is the place where the sailing ship has a chance.

17826. Your view of this Union is, that one of the reasons for its present success has been that the Union is your last resort?—If there had not been something done a great number of owners would have gone under; there is no doubt about that.

17827. (*Sir Alfred Bateman.*) You speak of the French bounty; I understand there is no building bounty on sailers in France, is there?—Yes, there is.

17828. There is a building bounty as well as a sailing bounty?—Yes. Of course, we have nothing to do with that; that does not affect us.

17829. Except that it would help the competition of French sailingships against ours, would it not?—Yes; you may take it that there are no sailing vessel building in France now—no large sailing vessels, at any rate.

17830. In your fourth paragraph you say: "The "years immediately prior to 1900 saw a large addi "tion to the French sailingship fleet." That was by building, I suppose?—Yes.

17831. Is not that date a little wrong, because I find from the official figures that it was in 1902 when 133,000 tons were added?—I say, the years prior to 1903.

17832. You say in paragraph 4, "prior to 1900" should that not be 1903?—I really was not dating the building of ships. 1903 was the time we began to look at the situation. I know the principal building was in 1900-1901, or thereabouts.

17833. Was that the time of the additions to the French bounty?—No, I forget the exact date of the law, but it was only during the latter years that they seemed to realise that there was so much in it for them.

17834. Because there is a statement here published by the Board of Trade about the progress of merchant shipping in various countries including the maritime countries in Europe, which shows that France is the only country where the sailingships' tonnage has increased in the last five years. Do you think that is so?—The date of that is when?

17835. It was brought out at the end of last year but the statement is that in the year 1900 France had 510,000 net tons of sailingships, while five years later 1905, they had 676,000?—Yes, that is quite likely.

17836. Do you think that has been really done by the French bounties?—I do not think it would have increased if they had not had a bounty.

17837. Other countries, especially the United Kingdom, have decreased their sailingships?—Yes certainly.

17838. And it was for those reasons that you formed this Union?—Yes.

17839. Why did you not get Norway and Italy to join, because they seem to have a considerable amount of tonnage?—They have a considerable amount of tonnage, but they are mostly not such large ships. Of course, there are some of them compete with us but the principal reason was that we could not manage it. There was no kind of organisation among them which we could get hold of.

17840. According to this return there are more than 200,000 tons of ships of over 1,000 tons each?—In the two countries?

17841. In each of those two countries, Norway and Italy?—That includes a great number of wooden ships which are in trades that do not compete with us.

17842. They do not compete?—No, they are in the timber trade, and so forth. Of course, there are a certain number, and we should like very much to get them in, but so far they have not succeeded because there is no way of getting hold of them.

17843. Their being outside does not make very much difference to your freights, does it?—It sometimes makes a difference, but still we cannot help it.

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17844. You cannot help it, you say?—No.

17845. But it was really the French bounty that induced you to make the arrangement?—I should not say the French bounty, because, of course, that is a thing for the French themselves; but it is the way in which the French bounty is paid—that is, the necessity it lays on the Frenchmen to continue sailing all the time.

17846. That bounty was paid as much for the sake of getting sailors, was it not, as for the trade?—Yes.

17847. (*Chairman.*) You say no sailing vessels are now built in France?—I do not say that absolutely, but there are no large sailing vessels being built.

17848. Do Frenchmen buy large sailingships in England, and then sail them under the French flag?—They are not eligible unless they are built in France, but there are some Frenchmen who all along have bought sailing vessels in this country. For instance, the firm of Bordes, of Bordeaux, of Paris they are now—are very large sailingship owners, and they owned vessels before there was any bounty at all.

17849. Do they sail them under the French flag?—They sail them under the French flag.

17850. They get no bounty?—Some of them do and some of them do not. They are large merchants; they work their own cargoes.

17851. If there are no large sailing vessels built in France, French sailing vessels will come to an end?—They will, and they are gradually doing so.

17852. In this Board of Trade return it is stated that about 80,000 tons a year—English vessels—are sold to foreign countries?—Yes.

17853. Sailing vessels?—Yes.

17854. To what countries do you think they are sold?—They are mostly sold to Italians and Norwegians, and to a very small extent to Frenchmen.

17855. From what you say, French sailingships will come to an end very soon?—They will.

17856. And that points to this question, does it not: That if they come to an end will your International Association continue?—The English sailingships are rapidly decreasing also. There are no sailing vessels building.

17857. There are no big sailing vessels building?—No.

17858. (*Lord Inverclyde.*) That does not apply to France only?—No.

17859. (*Chairman.*) Supposing there had been no French ships supported by these bounties, would you have formed an Association of this kind?—Well, I question if we should have been able to do it. We might have wanted to do it, but really what made the position so extreme that something had to be done, was the fact that the Frenchmen were working under these conditions.

17860. So that but for these French sailing vessels there would have been probably no Association?—No, I think not.

17861. And there would have been unlimited competition?—I think so.

17862. Unless you introduced the rebate system?—I beg your pardon?

17863. Do you think you could have introduced the rebate system?—I do not know; we might have tried it.

17864. You do not think you could have done so?—I do not think it is applicable to the bulk trades.

17865. (*Sir Alfred Bateman.*) The French bounty will come to an end on sailing vessels in about five years, will it not, or less?—It has come to an end on some of them, there can be no doubt.

17866. It is ten years from the building of the vessel?—You cannot go into it; it is a most elaborate system.

17867. You say, ten years the bounty lasts?—Yes, but you cannot tell when it begins, quite.

17868. Is it not coming to an end?—It is gradually.

17869. In how many years will it be at an end?—I cannot tell you.

TWENTY-NINTH DAY.

Tuesday, March 24th, 1908.

PRESENT:

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

Lord INVERCLYDE.
The Hon. C. N. LAWRENCE.
Sir HUGH BELL, Bart.
Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. W. H. MITCHELL.
Mr. OWEN PHILIPPS, M.P.
Mr. OSWALD SANDERSON.
Mr. J. A. WEBSTER, *Secretary.*

Mr. ROBERT GALLOWAY, called and examined.

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17870. (*Chairman.*) Are you the freight manager of Messrs. P. Henderson & Co., of Glasgow?—Yes.

17871. I understand that Mr. John Innes, the senior partner of the firm, had intended to come, but he is unfortunately ill, and you have come in his place?—Yes.

17872. Mr. Innes had, I think, prepared a short statement to lay before us, which you have with you?—Yes.

(*The witness handed in the following statement.*)

1. I (John Innes) am Senior Partner of Messrs. P. Henderson & Co., Glasgow, members of the Rangoon Conference.

2. The Conference consists of Messrs. Bibby Brothers & Co., Liverpool, The Hansa Dampfschiffahrts Gesellschaft of Hamburg, and Messrs. P. Henderson & Co., Glasgow.

3 The trade as at present carried on is by a Bibby steamer fortnightly from London and Birkenhead and a Henderson steamer fortnightly from Glasgow and Birkenhead, giving between the two Lines a weekly service from Birkenhead.

The Hansa Company give a three weekly service from Hamburg, Bremen and Antwerp.

4. The Outward Sailings, as per list attached ("B") are strictly adhered to on advertised dates, full or not full. No sailings have been blanked for several years.

The Bibby and Henderson steamers carry passengers and cargo. The Hansa Line cargo only.

5. The Conference under the Rebate System was first established between P. H. & Co., and B. B. & Co., in December, 1892. The Hansa Company joined same in November, 1897.

6. Copy of the Outward Rebate Form is attached ("C")

7. The three companies charge identical rates from their respective ports with the exception that the Bibby liners agree to charge 2*s.* 6*d.* per ton over and above the agreed tariff on all goods they carry from Hamburg, Bremen, Antwerp, Amsterdam, Rotterdam, etc.

8. Copy of the Conference Tariff of Outward Rates is annexed ("D"). The alterations since 1892 have been trifling and generally mark a slight reduction.

9. No differential rates are charged to general cargo shippers. The large and small firms are treated alike.

10. Cargo from the U.S. of America is carried via Liverpool as per Tariff ("E").

11. The Rebates do not come into operation with—

1. Government Stores,
2. Shipments on account of Burma State Railway,
3. Shipments on account of Municipality,

when arranged direct, and on rare occasions with large shipments of special cargo which do not compete with the general market.

12. Tariff of rates prior to the Conference attached ("F").

13. As far as the Conference is aware the shippers are thoroughly satisfied with the present system of Rebates in operation. They have regular rates and fixed all-the-year round sailings, so are able to operate on safe lines for months ahead. The Conference members are open to and do confer at any time with any shipper who considers that his trade is falling behind, or being hampered in any way.

14. The general trade between this country and Burma has grown steadily since my firm started to load sailing ships for Rangoon 50–60 years ago, and since 1892—during the operation of the Rebate System—the sailings from this country have doubled and the size of steamers employed greatly increased.

HOMEWARDS.

15. The Conference members are the same as Outwards.

16. The Rebate applies to all general cargo, rice, rice meal and full cargoes of teak excepted. Apart from rice, rice meal, and teak, the homeward general cargo trade from Burma has always been limited, but during the last few years it has been steadily growing.

17. The Homeward shippers, as far as the Conference are aware, are also perfectly satisfied with the existing arrangement.

18. Homeward Tariff of Rates ("G"). Rebate Form ("H") and List of Sailings ("B") attached.

17873. (*Chairman.*) Your firm are members of the Rangoon Conference?—Yes.

17874. That Conference consists of Messrs. Bibby Brothers & Co., of Liverpool, the Hansa Dampfschiffahrts Gessellschaft, of Hamburg, and Messrs. P. Henderson & Co., of Glasgow?—Yes, that is so.

17875. In the statement you have handed in, you say that the Conference under the rebate system was first established between Messrs. Henderson & Co. and Messrs. Bibby & Co. in December, 1892, and that the Hansa Co. joined it in November, 1897?—That is a clerical error; it should be November, 1898.

17876. When did the Hansa Co. join it?—In November, 1898.

17877. Then you produce the Outward Rebate form?—Yes.

17878. It begins by stating, "Shippers to all ports "of Burma are hereby informed that as from the "1st January, 1893, and until further notice, and "subject to the conditions and terms set out herein, "each of the undersigned will pay to the shippers by "their Line a rebate of 10 per cent. on the net freight "(*i.e.*, exclusive of primage) received by them respectively from such shippers of all descriptions of "merchandise, always excepting cargo carried by "special contract or by tender, from the United Kingdom and/or Continent." What do you mean by "excepting cargo carried by special contract or by "tender"?—Such as the Burma Railway cargo. We have a special contract with the Burma Railway Co.

17879. So that these conditions do not apply to a contract of that kind?—No.

17880. You state in the *précis*, "The three companies "charge identical rates from their respective ports "with the exception that the Bibby liners agree to "charge 2*s.* 6*d.* per ton over and above the agreed "tariff on all goods they carry from Hamburg, "Bremen, Antwerp, Amsterdam, Rotterdam, &c."?—That is so.

17881. I do not quite understand that. You say they carry from Hamburg, Bremen, and so on; do the Bibby liners carry any goods from Hamburg and Bremen?—By transhipment at Liverpool.

17882. Just explain how that is done. The goods are sent away, say, from Hamburg to Liverpool?—Yes, by coasting steamer.

17883. Under a bill of lading?—Yes.

17884. Issued by whom?—By the Bibby agents at the port of shipment.

17885. By the Bibby agents at Hamburg?—Yes.

17886. They put the goods on board the coasting steamer?—Yes, I understand so.

17887. Then these companies charge, you say, identical rates, with the exception that the Bibby liners charge 2*s.* 6*d.* per ton over and above the agreed tariff on all goods they carry from Hamburg?—Yes.

17888. It is on account of the transhipment that they charge that extra sum, I suppose?—Yes.

17889. Then you say, "Cargo from the United "States of America is carried via Liverpool as per "tariff (E)." What ships carry cargo from the United States of America?—White Star steamers.

17890. Do the other liners?—No; the Bibby and the Henderson steamers only.

17891. The steamers sail only from Liverpool, do they not?—From London, Liverpool, and Glasgow.

17892. But how are they carried from the United States?—Via Liverpool. The transhipment is effected at Liverpool.

17893. But on what ships?—By the White Star to Liverpool, and thence by both Henderson and Bibby Line steamers, whichever steamer is there when the Transatlantic steamer arrives.

17894. You say, "The rebate applies to all general "cargo, rice, rice meal, and full cargoes of teak "excepted." What is the reason that the rebate does not apply to rice and teak?—The rice shipment is of such volume that we could not carry it on by any possibility.

17895. So that you could not apply it?—No.

17896. So that steamers outside the Conference carry rice?—Yes, that is so.

17897. I only want to ask you one more question, and that is, as regards what was said to us in his evidence by Mr. Gladstone. Do you know Mr. Gladstone?—Yes, I know him by name.

17898. I will ask a question as to one or two statements Mr. Gladstone made. At Question 14806, he is asked: "There are rebates in the trade from Rangoon "to London?—Yes. I was not quite sure about that "when preparing my statement, but I have since ascertained particulars about it. There are rebates upon "cargo from Rangoon homewards. (Q.) Then you go "on to speak about rice, and you refer to that curious "thing the Baps Ring in the rice trade; can you "describe that a little?" Do you know anything about the Baps Ring?—Yes, I know it well by reputation.

17899. "There is an arrangement by the steamship "agents in Rangoon under which they may declare to "the owners that they will themselves supply full "cargoes for the homeward voyages of the steamers." That is the effect of the agreement, that they will supply the steamers with full cargoes?—Yes, but we have no agreement with the Baps as a combination. It is simply with our agents, who are members of the Baps.

17900. But you know that there is that agreement; and that part of that agreement is, that these agents have really the monopoly of the trade in rice from Rangoon?—Of course, the position is somewhat peculiar. They agreed to fill the steamers with what quantities of rice or meal were required to complete their cargo after all the general cargo was provided for. That was the position.

17901. Yes, but the result is, that nobody but these agents can really ship any rice at all from Rangoon to England?—That was the position.

17902. Why is it not so now?—We are booking from outsiders now.

17903. When did you begin to do that?—Within the last twelve months.

17904. Then, have there been any negotiations between the Conference Lines and the agents with the members of that Association which is called Baps? Have there been any communications between the liners and those gentlemen?—The change came about in quite a natural way. We wanted cargo for Liverpool-London, and they had not it for Liverpool-London, and we had to get it outside. That was the cause of the alteration.

17905. So that now there is no binding agreement at all between the Conference liners and their agents that they should be at liberty, to the exclusion of other merchants, to supply cargoes of rice?—We are willing to book cargoes of rice from any shipper.

17906. Have you read what has been said as to the arrangement by Mr. Gladstone?—Yes, I have read it.

17907. May we take it now that that arrangement, as described by Mr. Gladstone, no longer exists?—

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The position is, that we are willing to book from outsiders. We are not tied in any way there.

17908. But you accept rice from others just as well as from the members of Baps?—Yes, we should book it from anyone, provided a steamer had room. Perhaps, I should explain in justice to the Baps, that they agreed to fill our steamer, that is to say, they agreed to give us sufficient cargo to fill her after all general cargo was provided for. They sometimes had to ship more and sometimes less, and they often stored up cargo for us for shipment in the off season, that is to say, in the months of July to December, when we might otherwise have been coming away practically empty. Now the outsider will not do that. I feel it is only right for me to say that in justice to the Baps Combination. They were not getting this privilege of space in the steamer for nothing.

17909. Only it was a very serious thing to preclude any persons excepting those four or five agents from shipping rice from Rangoon to this country?—Of course, we should have been delighted to carry it from anyone. It was simply because we felt this was the only way, especially in the original days of the trade, by which the steamers could have been loaded.

17910. At any rate, you do not find it necessary now to do so?—No; the position has changed. We have adjusted our position in accordance with the development of the trade of Burma.

17911. (*Sir Alfred Bateman.*) In your notice to the shippers, you have got here rather a stringent clause about the rebates. You say: "The said rebate to be "computed every six months up to 30th June and "31st December in each year, and to be payable six "months after such respective dates to those prin- "cipals only who until the date on which the rebate "shall become payable, shall have made their ship- "ments from United Kingdom and/or Continent exclu- "sively by vessels despatched by the undersigned "respectively from the United Kingdom and/or the "Continent (whether direct or by transhipment) to "ports of Burma; and provided that such shippers "have not directly or indirectly made or been interested "in any shipments to any of the aforesaid ports by "sailing ships or by steamers other than those "despatched," and so on. So that if a member ships a full cargo in a sailing ship he forfeits his rebates?—That is so.

17912. Supposing a member ships through an agent who has been shipping for a disloyal member, that is, a member who has shipped by other Lines, would that one member suffer for the fault of another if they had the same agent?—No.

17913. But in the case of a sailing vessel he would forfeit the rebate?—That is so.

17914. Either out or home?—Except as to a full cargo of teak home.

17914A. Is the primage returned in the form of a deferred rebate?—No, the primage is returned when the shipper pays his account. It is an immediate return.

17915. Five per cent. is first returned?—Yes. We charge 10 per cent. primage, and give them back 5 when they pay the account.

17916. Then they get another 10 per cent. rebate?—Yes.

17917. I notice in the rates of freight there is rate (*d*) and rate (*e*). Rate (*d*) is the minimum rate of freight out from the United Kingdom?—Yes.

17918. Rate (*e*) is the rate of freight from New York?—Yes.

17919. One of the principal articles is, I see, agricultural implements, where you charge 45*s.* from the United States and 30*s.* from this country; is that not so?—Yes, that is so.

17920. Is that supposed to be about the difference of Atlantic freights from Liverpool?—Yes, just about the difference.

17921. This is a very short list, is it not, from New York?—Yes. The quantity of cargo coming from there is very small, and there are not many articles.

17922. I suppose, really, the list has been made according to the goods you had to ship?—Yes.

17923. If other goods came for shipment you would make a rate?—We should add a rate.

17924. Are these rates published?—Yes, they are free to all shippers.

17925. Everybody can get them?—Yes, anybody can get them.

17926. So that you make no distinction for large or small cargoes with shippers?—Not as far as general merchandise is concerned.

17927. You make no difference as far as that is concerned?—None whatever.

17928. (*Sir David Barbour.*) The Bibby Line charge 2*s.* 6*d.* extra on goods from Hamburg?—That is so.

17929. Is that in addition to the cost of sending the goods from Hamburg to London?—It is 2*s.* 6*d.* above the rate from Liverpool to Rangoon. That is towards the cost of transhipment.

17930. The goods that come from Hamburg to Liverpool have to pay a separate charge for that?—They pay 2*s.* 6*d.* additional.

17931. For transhipment; but coming from Hamburg to Liverpool, have they to pay anything for that?—No, the Bibby Line pays the transhipment charges. They bring it from Hamburg.

17932. The whole way for 2*s.* 6*d.* extra?—Yes.

17933. If another Line were started in competition, what would the existing Lines do? Would they cut rates to fight the new Line?—I presume we should have to. That would be the natural consequence, I take it.

17934. That is what happens?—Yes.

17935. Has there ever been any Line started in that way?—No; not since the Conference was formed.

17936. (*Chairman.*) Did the Hansa Line come in at once without a struggle?—No; I was speaking of after they came in. There has been no fight since the Hansa Company came in in 1898.

17937. (*Sir David Barbour.*) The Hansa Company did fight?—Yes, the Hansa Company did fight.

17938. (*Professor Gonner.*) Is there any connection as to disloyalty between the Outward and Homeward Conferences, or are they entirely separate?—They are entirely separate.

17939. A shipper outward, who also happens to be shipping goods home, is not bound to observe loyalty in both cases in order to obtain his rebate?—That question has never come up.

17940. Has it never come up because the same people do not ship outwards and homewards?—We have the same firms shipping outwards as homewards, and I rather think that we have had shippers utilising outside opportunities homewards and their outward rebate was not forfeited. That is the position, I think. But that is a long time ago, and I cannot speak with certainty.

17941. At present they are shipping by the Line?—Yes, that is so.

17942. So that the case does not occur?—The case does not occur.

17943. But if it has occurred or does occur, then in your opinion they do not forfeit rebates necessarily?—I should not like to be definite as to that, but I rather think not.

17944. What do you do when arrangements are made in the case of giving special rates? You do give special rates in certain cases, and you give it to Governments and municipalities, and the Burma State Railway?—Yes.

17945. And also on certain rare occasions of large general shipments?—Yes.

17946. Is that done by agreement between the Lines as to what the rate shall be?—Yes.

17947. In the case of a special rate they would have to communicate, I suppose?—We always arrange before quoting to do so.

17948. So that, practically, this is an agreement between the Conferences as to the rate one Line may take as to special classes of goods?—Yes.

17949. When you say you would give a classification of rates, do you mean anyone coming could obtain it?—Yes, this tariff—anyone could get it.

17950. Are there any conditions made on returning the 5 per cent. primage?—No.

17951. It is practically not paid, I suppose?—Well, that is what it amounts to. When the man pays his account it is deducted.

17952. It has no object, really?—No.

17953. It is a survival, I suppose?—Yes.

17954. No loyalty or anything is implied by it?—No.

17955. Then, to come to another point. When you state that you give opportunities, and you are now willing to ship rice from other shippers homeward, do you give it on the same terms or does rice come under special terms?—We have to take the market rate of the day for our rice homewards, so that everyone is on the same footing now.

17956. There is no preference given to the Ring?—No.

17957. Other shippers of rice can obtain the same rates?—That is so.

17958. There is no preference in regard to space to the Baps Ring?—The position is very much that the man who comes first now gets the space.

17959. You feel confident that the man who really comes first will get the space?—That is so.

17960. That position has been undergoing changes within the last year or so?—That is so.

17961. Do the various Steamship Lines make any internal arrangements as to their sailings, and so on, with each other?—That is agreed.

17962. You have an agreed system of sailings?—Yes, we leave on certain dates and the Bibby steamers leave on certain dates.

17963. Is there a definite agreement between the Lines embodied in a document, do you know?—Yes, that is embodied in a document.

17964. You have an agreement which rules and regulates the despatch of traffic?—Yes.

17965. Do you know if your principals would have any objection to furnishing us with a copy of this agreement?—I think they have already refused.

17966. But there is such an agreement, at any rate, made?—Yes.

17967. (*Mr. Maddison.*) Could you tell us what brought about this change in the rice traffic?—As I say, we wanted cargo to London or Liverpool, and the Baps could not give us it.

17968. Previous to that they had been able to give it to you, had they?—We had to do a good deal of Continental work.

17969. Why do not you do it now?—It does not suit us so well; it throws our steamers out of date—It is a longer voyage.

17970. Not wanting to do Continental work has nothing to do with the fact that the German Lines are in the Conference?—No, nothing whatever.

17971. Why did the Bibby liners agree to charge 2*s.* 6*d.* a ton above the tariff from Hamburg, &c.?—I think that was at the time they arranged first with the Hansa Company. I do not know what the origin of it was really.

17972. How does it work out in practice?—They get a fair amount of cargo. They have more frequent sailings. The Hansa Company have only a steamer every three weeks.

17973. It is not a penalty in regard to the foreigners?—No; I do not think so.

17974. It was part of the agreement after the fight, was it?—Yes.

17975. (*Mr. Sanderson.*) As a matter of fact, is there much cargo carried by the Bibby Line from Hamburg viâ Liverpool?—There is a fair amount, I think. I am not cognisant of the details of their trade, but I understand they get a fair quantity.

17976. (*Sir John Macdonell.*) You said, in answer to Sir Alfred Bateman, that you thought the difference of 15*s.* fairly represented the difference in the carriage to Liverpool and the carriage to the United States?—Yes.

17977. I see in the statement of tariffs from New York to Rangoon for one item, oil, the rate is given New York to Rangoon at 42*s.* 6*d.*?—Yes.

17978. I turn to other rates, and there I find the rate is marked at 40*s.*—a difference of 2*s.* 6*d.*?—Yes.

17979. What is the explanation of that?—We have not been approached with regard to that rate.

17980. Do you mean it is not a real rate—that it is a mere nominal rate?—Yes, as far as I know. We carry almost none of that from the States.

17981. But I thought that this short table was compiled from actual shipments?—Yes, but that embraces all that has been done for many years. This is not one that has been entered recently.

17982. Are there any other items contained in this list which are open to the same observation?—No; I think most of them show a considerable difference between the local rate from Liverpool to Rangoon, and the through rate from New York.

17983. You can give no explanation of the 15*s.* being the difference in most cases, and only 2*s.* 6*d.* difference in this case?—I cannot at the moment give an explanation.

17984. I see that one of the lists is headed, "Minimum Rates of Freight." What is the precise signification of minimum? Does that imply that there are other rates?—No; but that is the list any of us can take. We cannot quote lower rates than that. We do not quote higher rates. Those are the rates we charge always

17985. It only means that?—Yes.

17986. One point I do not quite understand, and that is this: Supposing there were two consignments of similar goods from Rangoon—one a parcel consigned to a western port, say, Birkenhead, Glasgow or Liverpool, and another consignment to an eastern port, say, Hull or Leith—would there be any difference between the rates, and, if so, what?—We have through rates to Hull and Leith viâ Glasgow or viâ London.

17987. Take one of the articles that are mentioned here in your list?—There is beans, for instance.

17988. Supposing that there were in the same ship two consignments of beans, one to Glasgow and one to Leith, say, what would be the difference, if any?—The one is 25*s.*, the other, 30*s.* That is the present rate. That is on our tariff.

17989. And to Dundee, for example?—Dundee is 30*s.*

17990. So that there is a permanent difference of something like 4*s.* 6*d.* between the western ports and the eastern ports?—That is so; deducting the rebate. That 4*s.* 6*d.* is the difference.

17991. Now, supposing that a consignment of similar goods were sent, not to any of the ports that I have mentioned, but to some Continental port, what would be the rate? Would it be the same as the western port rate?—To such a port as Copenhagen, for instance, or Gothenburg, we have not got a rate for beans to those places, but the difference between our rate, Cutch to Glasgow and Cutch to Gothenburg and Copenhagen is 10*s.*—40*s.* in the one case and 50*s.* in the other.

17992. Are there a large number of Continental ports as to which the rate is exactly the same as the rate for western ports?—Hamburg, Bremen, and Antwerp are charged the same rate as London.

17993. And any other Continental ports than those?—Are on a through rate.

17994. You charge an additional sum?—Yes.

17995. Could you mention to me when the arrangement, called the Baps arrangement, ended?—I do not know that it is at an end yet. That is a matter without my knowledge, of course—that is the Baps Combination.

17996. But your arrangement with them?—We have been booking from outsiders for two or three months back.

17997. So that I may take it that the arrangement between you and that Association ended something like two or three months ago?—They are not now on the same footing as regards the filling of space.

17998. If you happen to change rates on any important article, do you give previous notice to your customers?—We do.

17999. Do you do it always?—Always.

18000. A public notice?—Yes.

18001. Do you in practice find there are any objections to such a course?—Sometimes, if we intimate a reduction, they keep back cargo to get

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the benefit of it, but we put up with that. We think it is right that the shipper should have notice, and we just put up with that objection.

18002. How long has this practice on your part gone on?—For 12 or 15 years, I should say.

18003. Do you know whether other members of your Conference do the same?—We always act in conjunction with Messrs. Bibby and the Hansa Company.

18004. And, so far as you know, do those other two members of the Conference follow the same course?—So far as I know.

18005. Your experience is, that that system of giving notice leads to no practical difficulties, so far as you are concerned?—No, I should say not.

18006. What length of notice do you, as a rule give them?—The last time there was any important change in outward tariff, I think it was two months.

18007. (*Chairman.*) Was that a rise?—That was a rise.

18008. (*Sir John Macdonell.*) If you can recall any other instances in which you have given such notice. I should like to know the length of it?—A month, I should say, would be the least.

18009. (*Mr. Owen Philipps.*) When fighting the Hansa Line, did you give a month's notice at least on reducing the rate?—We were not so much interested in that as Bibby. They were dealing more with Continental cargo. I am not in a position to speak definitely as to that, but I understand where a reduction or increase has been made, there has been an intimation.

18010. In the case of the Hansa Line, that is?—I would not like to speak definitely as to that.

18011. Do you think if the Hansa Company reduced the rate 5*s.*, you would retain the higher rate and let them have the benefit of it while you were giving two months' notice?—In that case the circumstances would certainly be altered.

18012. (*Sir John Macdonell.*) I understand your answers to me are in respect of normal circumstances?—Yes, in normal circumstances.

18013. In the absence of a fight?—That is so.

18014. (*Lord Inverclyde.*) What do you mean by giving public notice?—In the case, for instance, of an increase in the rate on beans homewards, we send out an intimation to all persons shipping beans homewards—we send out a letter to all those persons.

18015. To the people in the trade?—Yes.

18016. It is not public beyond that?—In the case of outward rates we send a circular broadcast.

18017. I mean you do not advertise it in the newspapers?—No.

18018. (*Sir Alfred Bateman.*) About the rates to eastern ports that Sir John Macdonell asked you about, would you mind turning to your table, because you say rate for beans, Leith, 30*s.*, and Hull, 38*s.* 6*d.*, and Dundee, 30*s.*?—Yes.

18019. Is that correct?—I believe we made a special cut in the rates to Leith and Dundee to assist the shippers who wanted to open up these markets. It does not recoup us for the extra expense of forwarding from Glasgow.

18020. Hull is 38*s.* 6*d.*?—The full rate must have been added there.

18021. When you come to Cutch from Leith it is 51*s.* 3*d.* and Dundee 57*s.* 6*d.*?—Yes; we apparently had not been approached with regard to a special rate for Dundee.

18022. I suppose you are continually having applications from the different ports?—Yes.

18023. From somebody who wants to get trade?—Yes, that is so.

18024. So that there is no definite and regular scale?—No; we cannot have it. We might get a better rate from a coasting company at one time than another.

Col. JAMES SMITH PARK, M.V.O., called and examined.

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18025. (*Chairman.*) You have been good enough to prepare a short statement, which we will accept as your evidence-in-chief if you will hand it in.

(*The witness handed in the following statement.*)

1. I am a shipowner and have been connected with the "Allan" Line for 36½ years, for over 30 years of which period I have been freight manager, while for the last 15 years I have also been managing-owner of "The Park Steamship Co.," which owns tramp steamers.

2. I come here, at the request of the Commission, as representative of the Canadian North Atlantic Westbound Freight Conference, which comprises all the Canadian Lines of Steamers—Allan Line, Canadian Pacific Railway, Dominion Line, Donaldson Line, Manchester Liners, and Thomson Line—all of which Lines have a deferred system of rebates.

3. I will also speak in regard to the deferred rebate system of the Allan and Furness Lines, in the Newfoundland trade, and can also speak as to the deferred rebate system in the River Plate trade in connection with the Allan Line, although, as you are doubtless aware, a witness has, after all, been arranged to appear before you on behalf of the River Plate Conference.

4. The system of deferred rebates was started in 1877 by the "Allan" Line, in connection with the Calcutta trade of the City Line, for which we act as agents, as explained in the notice in the "Syren," *re* our Mr. Becket Hill, put in evidence by Mr. Dyer on the third day of the Commission. It was not, however, until 1886 that we adopted the deferred rebate system in our own Canadian trade, confining same at first to the direct St. Lawrence season. I may explain, however, that I have before me one of our Glasgow freight circulars, dated so far back as 1862, in which one rate of freight was given to those who contracted for 12 months to send all their goods by the "Allan" Line, and another and higher rate to those who did not so contract; while in 1875 we had been securing the support of shippers by returning half the primage on freight. I have also before me a list of rates, dated 1868, by which all the then Atlantic Lines of steamers had agreed to abide; there was a general conference of these Lines which lasted till about 1880.

5. The deferred rebates in the Canadian trade differ at the various ports. Liverpool, Manchester, and Bristol Lines act together and always have *six* months' rebates in hand. The Glasgow Lines act by themselves, and return the rebates at the end of each year, ending in October, when they hold nothing in hand. The Newcastle Line does the same, while the London Lines keep about three to four months in hand. It may be of interest that I trace the evolution of the deferred rebate system in our Glasgow-Canadian trade in my own experience.

6. When I first had to do with this trade, we despatched a large fleet of fine sailing ships each season which, along with those of other owners, competed strongly with our steamers. As the latter grew in size, it became an object to educate shippers into sending more largely and regularly by steamers, as well as exclusively by our Line, and we accordingly offered special terms to those who sent all by our ships and steamers, and still better terms to those who sent everything by our steamers. Sailing-ship competition gradually ceased, but in 1876 we began to be troubled with occasional steamers being placed on the berth which offered very low rates to attract the better-paying class of traffic. We had to meet these competitive rates to a certain extent as occasion arose, but our shippers said to us in effect, "We are satisfied with your service and "rates, but we are always afraid of getting into "trouble with our consignees for not availing of these "outside boats, which our competitors may do. Can "you not meet this in some way that will justify our "refusing to support the opposition?" At first we did this by special contract rates, covering more or less extended periods, but this had its disadvantages, and in 1887, a year after Liverpool, we introduced the system of allowing a deferred rebate of primage to exclusive supporters of the Conference Lines, and this system has continued ever since, irrespective of whether we have been working with our competitors on the basis of agreed rates of freight or not. At first we only allowed half the primage on a number of articles, but, at the request of shippers, we arranged to allow the full primage on all. The system has worked most satisfactorily, and we have had no complaints regarding same; while I think our shippers would regard as

insulting the suggestion that they would be deterred by the loss of their rebates from ceasing to give the Conference their exclusive support if, for any reason, they deemed it desirable not to do so.

7. Our experience in the Newfoundland trade has been very instructive. This trade was originally in a very special degree a seasonal one, served by small sailing ships, going out in the spring and fall. In 1872 we contracted with the Newfoundland Government to run a mail service, despatching a steamer from Liverpool to St. John's, Newfoundland, once a fortnight, from middle of April to end of December, and a monthly service, January to March, viâ Halifax, in addition to which we despatched a special steamer from Glasgow in August. We found, however, that while importers were very glad to avail of our steamers during the dull season, many could only be induced by very cut rates during the spring and fall, when large shipments were going forward and outside tonnage could be induced to go on the berth; this was, indeed, necessary to enable those who loyally supported us to compete with the larger shippers who were able to charter special boats. In 1877 we gave special allowances in the way of return primage, &c., to those who supported us exclusively, and in 1882 we issued a circular in the following terms to shippers and importers:—

> "The purpose of the owners under this agree-
> "ment is to grant a uniform freight rate all the
> "year round whether by the direct boats from
> "Liverpool and Glasgow or the indirect route over
> "Halifax. The advantage of this to the trade
> "will be that they will secure a moderate rate of
> "freight and a rate that will not vary, so that
> "shippers need not consider the question of
> "freight in deciding the special period of ship-
> "ment, and they will, so far as freight is con-
> "cerned, have no occasion to crowd all their goods
> "into special vessels or confine their shipments to
> "fixed months or periods. In ordering goods also,
> "they will know exactly the freight to be charged.
> "To the owners of the steamers it will tend to
> "spread the goods over more vessels—give them
> "in the aggregate larger quantities to carry, and
> "so enable them to charge, as they purpose doing,
> "somewhat less rates than they could otherwise
> "afford to do."

8. This had a very good effect, and many contracted with us, and shipments began to be spread more regularly over the season. A fairly regular steamer opposition, however, sprang up, and we again had experience of cutting of rates, which made the trade unsatisfactory to everyone. In 1898, in meeting this opposition, we commenced making contracts on the basis of those importers who gave us all their traffic getting 20 per cent. return, those who gave us 75 per cent., 15 per cent., and those who gave us 50 per cent., getting 12½ per cent. The opposition found that to retain support they had to make similar concessions, and as the cutting of rates had made the trade unprofitable to both, we in 1900 combined to offer a deferred rebate of 20 per cent. to those who supported exclusively the two lines, who arranged dates, &c., so as not to conflict, and so give a better service to the trade, and this latest arrangement has proved to be far the most satisfactory to the trade.

9. In the River Plate trade the deferred system of rebates was introduced and made applicable to the British Lines in Conference in January, 1895, and was extended in 1897 to embrace the principal Continental Lines to the River Plate, thereby securing uniformity in British and Continental rates of freight, but you will probably prefer to get your information *re* this Conference from the witness specially deputed to represent it.

10. In my experience, Conferences and systems of deferred rebates to exclusive supporters thereof are not objected to by shippers save those who hope that, in the absence thereof, they will be able to get better terms than their neighbours, and while like all human institutions they are open to abuse, I, after reading all the evidence given to this Commission, that has been published, consider no case has been made out to justify in any way an interference in the freedom of contract between shipowners and their clients any more than between land traders and their customers, some of such traders having far more stringent arrangements with their clients than that of any shipping company that I know of. The Conference system not only tends largely to the assimilation of British and Continental rates, but shippers, generally, are far more concerned to secure equality and stability of rates than cheap freights; all Conferences I have been connected with give the most careful consideration to shippers' representations when competition presses on them, it being obviously to the interest of shipowners to do all they reasonably can to encourage the largest possible amount of oversea traffic.

18026. (*Chairman.*) We know that there is a Conference of steamers engaged in the transport trade from this country to Canada from Liverpool; that is called the Canadian North Atlantic West Bound Conference, is it not?—Yes, there is such a Conference.

18027. We know the lines of which it is composed. There is also a combination of Lines that ship from London to Canada, I think?—It is all one Conference. As I have said at the beginning of my *précis*, the Canadian North Atlantic West Bound Conference comprises all the Canadian Lines of steamers—the Allan Line, Canadian Pacific Railway, Dominion Line, Donaldson Line, Manchester Liners, and Thomson Line. That covers all the ports of this country from which they run.

18028. Are the two combinations identical?—It is one combination, which embraces Glasgow, Liverpool, Manchester, Bristol, London, and Newcastle.

18029. You have given us an interesting account of the history of this system, and you say it was started in 1877?—Yes, by our Liverpool firm.

18030. By the Allan Line?—Yes; not in connection with our own Line, I may say, but as agents for the City Line for Calcutta.

18031. In your Canadian trade you adopted a deferred rebate system in the year 1886?—Yes.

18032. You have shown in your *précis* how the deferred rebate system exists in the Canadian trade, and you then give us the history and you trace the evolution of the deferred rebate system in the Glasgow-Canadian trade?—Yes; I thought it was well to give a trade of which I have had experience myself for over thirty years, and which has been worked out in fact under my own supervision.

18033. You do that, I suppose, for the purpose of showing that the system of deferred rebates is the natural consequence of the increase of trade and the introduction of first-rate steamers with regular sailings?—It is to show how we have found it necessary in our experience to have some method of holding shippers together better than what we previously had.

18034. What do you consider the advantage of the system of deferred rebates?—I think the main advantage is pretty much that regular shippers will not lightly go past the regular Lines and will give them an opportunity of reconsidering their rates of freight and conditions in the event of an opposition appearing, instead of simply going to the opposition at once. I do not hold for one moment (in fact I hold the contrary) that any system of deferred rebates will ever choke off a thoroughly organised opposition which is determined to go into and remain in any trade.

18035. That is to say you are of opinion that if merchants were not generally satisfied with the rebate system, they would combine and in that way do away with the system of deferred rebates?—I have no hesitation in saying that if merchants were dissatisfied with rates of freight or other conditions, and considered it necessary to break away from the deferred rebates, there is nothing to prevent them. From my own experience of merchants, as I have said in my *précis*, I think the contrary suggestion is an insult, almost, to British merchants.

18036. For that purpose the merchants would have to combine, would they not?—It does not follow. If there is room in a trade for an opposition line, and merchants are so dissatisfied that they are prepared to give adequate support to a new Line, there will always be found a shipowner enterprising enough to provide that Line—that is, if there is room for it.

18037. So that you say in the first place, that if there were any general dissatisfaction, there would, in your opinion, be no difficulty in procuring outside steamers to carry goods for dissatisfied merchants?—Yes, if the merchants are prepared to support them. Merchants have a great weakness for supporting an

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opposition at first, and very speedily falling off in their support.

18038. Under this system of deferred rebates, if there is an opposition and if the outside steamers do offer to carry goods at lower rates of freight, what is the position of the merchants who are bound by this system of deferred rebates? Would you lower your freights, then?—It depends entirely upon the circumstances. We do not profess that, supposing a casual boat was put on the berth and offered to take lower rates, as they would be bound to do if they are to get support, we would forthwith reduce our rates. It depends entirely on the nature and extent of the opposition. But the merchants would undoubtedly be in the position that, if they supported such an opposition, they would forfeit the special discount which is represented by the deferred rebate given in exchange for exclusive support over a given period, just as we ourselves would constantly have in the purchase of coals and other things to sacrifice special prices, and, possibly, in addition be open to a claim for breach of contract if we did not give the exclusive support that the contract calls for.

18039. Then, I see you illustrate your views about the system of deferred rebates by the example of the Newfoundland trade?—Yes.

18040. I will just read one or two sentences, because they seem to me to be of importance. You say, "This "trade was originally in a very special degree, a "seasonal one, served by small sailing ships, going out "in the spring and fall. In 1872 we contracted with "the Newfoundland Government to run a mail service, "despatching a steamer from Liverpool to St. John's, "Newfoundland, once a fortnight from middle of "April to end of December, and a monthly service, "January to March, viâ Halifax; in addition to which "we despatched a special steamer from Glasgow in "August. We found, however, that while importers "were very glad to avail of our steamers during the "dull season, many could only be induced by very "cut rates during the spring and fall when large "shipments were going forward and outside tonnage "could be induced to go on the berth; this was, indeed, "necessary to enable those who loyally supported us "to compete with the larger shippers who were able "to charter special boats. In 1877 we gave special "allowances in the way of return primage, &c., to "those who supported us exclusively, and in 1882 we "issued a circular in the following terms to shippers "and importers," which circular really embodies the system of deferred rebates?—Yes. I confess I was rather interested when I came across this circular, which was drawn up by myself, and which gave practically, I think, the justification of the system 26 years ago. It has not been drawn up to meet the criticisms on it of the present day.

18041. You point out in that circular that "the "advantage of this to the trade will be that they will "secure a moderate rate of freight and a rate that "will not vary, so that shippers need not consider the "question of freight in deciding the special period "of shipment, and they will, so far as freight is con-"cerned, have no occasion to crowd all their goods "into special vessels or confine their shipments to "fixed months or periods." In what way do you think that the system of deferred rebates secures moderate freights?—Because, in practice, it secures (of course, this was for the particular Newfoundland trade that I was speaking of), if it be successful in its operation, the whole traffic for the year, and, therefore, we can afford to carry at a lower rate of freight than if a portion of the traffic were being diverted to other routes, and for the portion of the traffic which we did retain instead of having a uniform rate we had frequently to cut these rates on account of competition, as had been the experience in the past.

18042. That is to say, a system of deferred rebates in your opinion makes freights more steady than they would be?—Yes, but the volume of the trade that the steamers secure is a very important item. Take this Newfoundland trade; it is a mail service where we were in the position that we had to send a steamer once a fortnight whether we had it fully or partly laden or whether we were empty; obviously the amount of tonnage that we had to fill being a constant quantity, it was of the very greatest importance that we should get the largest volume of traffic that we could carry.

18043. Before you raise your rates of freight, do you consult the merchants?—No, not as a rule.

18044. Do you not give them any notice?—We usually give them some notice that the rate will come into operation at a certain time.

18045. So that there are no meetings between the shipowners and the merchants at which rates of freight are considered and discussed?—No.

18046. None?—No. But I do not know that the shipping trade is peculiar in that respect. Usually, when we have got to pay advanced prices for anything, we get a notice that on a certain day they will be advanced, and sometimes it will be a remarkably short notice.

18047. Yes, but you must allow me to point out to you that the system of deferred rebates gives you a certain hold over merchants, and I want to put this to you, because the same question was put to various witnesses: This system of deferred rebates is intended to a certain extent to give a monopoly of the trade?—I do not see where the monopoly comes in.

18048. Is not the very object of this system to induce shippers not to ship goods by outside steamers?—I think so, and I think you have used the exactly appropriate word, "induce."

18049. I quite follow you?—As I said before, this is really a special discount that we give in exchange for value received. It is open to the shippers to reject or accept, and it has this great advantage, from a merchant's point of view, that he does not require to commit himself in advance. We have had, in our experience, every form almost of making arrangements with shippers to try to arrive at that exclusive support which is so necessary to the conduct of a regular Line, and one of the systems we used to have was, that we made contracts for a year ahead at fixed rates, and I recall perfectly well, that many times merchants considered it a serious disadvantage that they had had to commit themselves ahead, and when an opposition came on they could not take advantage of that. Now this system meets that exactly. When the time comes that an opposition is put on, they are absolutely in the position that they may consider whether they will take advantage of that opposition or not, subject simply to the loss of the rebate.

18050. Now as to that, there is one point I want to put to you which, as I said before, has been put to many witnesses: The merchants being tied in this way by the system of deferred rebates, do you think it fair that you should be able, at any time, to raise the rates of freight without consulting them?—Perfectly fair. I do not consider, myself, that they are tied to such an extent as to hamper their free action.

18051. But the very object is to tie them?—Certainly, but we give them the value for it.

18052. If you did not tie them you would increase the rebate, would you not?—It is the object of every man who makes a contract over a period to tie a man. I have to make coal contracts at practically all the coaling stations abroad for practically 12 months ahead, and I have to undertake to take all my coals from these particular coaling ports, or, I do not get the best prices, and I will not get the benefit of any lower prices that may be given by others unless my contractors choose of their own accord to follow those.

18053. You have made your position very clear, if you will allow me to say so, and I am putting these questions only in order to elicit your opinion?—I understand.

18054. Now, we had some evidence the other day from a representive of Messrs Eaton & Co.; do you know that firm?—Yes.

18055. The representative of that firm said that the action of the Conference throughout has been to force the rates up. From the winter season of 1905 and 1906, in particular, the ocean proportion, which previous to that had stood at about 10*s.* per ton, was raised to 12*s.* 6*d.*, and at the present time, on dry goods, stand at 15*s.* What do you say to that?—As to the fact that the rates during the past two years have been raised from 10*s.* to 15*s.*, there is no question, but to talk of it as forcing up the rates, in the sense that that is evidently intended, is to my mind really too absurd when you consider that the figure which has been attained is only 15*s.* per 40 cubic feet for carrying

dry goods across the Atlantic for 3,000 miles. It just shows that the Canadian merchants have become demoralised by the absurdly low rates that for a time they have been enjoying. As a matter of fact, I have before me, at the present time, the tariff of the Liverpool and New York Lines, and I find that the rates for the corresponding goods, that Messrs. Eaton referred to, are 20*s.*, by slow steamer and 25*s.* by mail steamer. So that actually we are 25 per cent. less than the slow steamers and 40 per cent. less than the mail steamers, even with those so-called "forced up" rates.

18056. So that you say the rates were too low at one time?—The rates were ruinous. I dare say you are all aware there have been several first-class Lines of shipping on the Atlantic that have been practically driven into bankruptcy during the last 20 years.

18057. Then, do you mind looking at page 6 of that evidence, that is, at Question 17466: "Now I will go "to paragraph 12: There, you say, 'Another instance "'of where the Conference are prepared to take lower "'ocean proportion is that of traffic from Germany, "'which they attract viâ Liverpool by offering rates "'of from 11*s.* to 11*s.* 9*d.*, measurement, as against "'15*s.* for British Canadian traffic.'" Have you got that statement before you?—Yes. It is not very clear what is meant here. Am I to understand that the witness said that they took traffic at a through rate from Germany viâ Liverpool at from 11*s.* to 11*s.* 9*d.*, measurement, as against a 15*s.* rate from Liverpool for British Canadian traffic?

18058. Yes, that is what I understand him to say?—Not having the actual figures before me, I would not be prepared just absolutely to contradict it, but I do not believe the statement is correct. What I think must have been intended, if it were the same class of traffic, is, that the through rate from Germany would leave to the ocean steamer from Liverpool a somewhat lower rate of freight than the local British traffic could leave. I am quite certain that the Continental Lines would take jolly good care that they would not take traffic from the Continent at a through rate from their boats several shillings less than they were charging from Liverpool. As a matter of fact, so far as the Canadian trade is concerned, Antwerp is the principal port from which Canadian Lines of steamers run, and both Lines of steamers that run from that port, the Canadian Pacific Railway and the Leyland Lines, have a tariff of rates which the British Lines have before them when they arrive at their own rates, and we take care that in all articles in which there may be said to be competition between Britain and the Continent, the British manufacturer is placed at no disadvantage; and, similarly, I have no doubt that the Antwerp Lines take care that the Continental shippers are not placed at a disadvantage as compared with the British manufacturers. For that reason I am quite satisfied that there is some misunderstanding as to this question, and that what Messrs. Eaton really meant, as I have indicated, is that the ocean steamer out of through traffic from the Continent will be willing to accept a lower ocean rate than for its local traffic, and I say, most unhesitatingly, we will be prepared to do so, but I fail utterly to see wherein any disadvantage to a Canadian importer arises therefrom.

18059. Do you treat all the merchants alike as regards rates, or do you give certain preferences to large merchants who take large quantities of goods?—You are speaking just now of the North Atlantic trade, I understand?

18060. Yes?—We treat them all alike.

18061. Just look at Question 17480 on page 7 of that gentleman's evidence. The gentleman who gave the evidence there, said: "There is no doubt that cut "rates are quoted and commissions are given to "agents." Do you agree with that?—No, I do not believe it is correct, and I observe that the witness says that he has been offered, through outside people, lower rates, but he does not go on to say, which would be the natural corollary if that statement had been justified, that these lower rates have been accepted.

18062. That is quite true. Now, is there any rebate system on the export trade from Canada?—No, but the rates fluctuate.

18063. Why is there not any rebate system in that trade?—I suppose they have not felt the necessity, probably. You must bear in mind this, that there is a very marked difference between the outward trade to Canada and the States and the homeward trade. Broadly speaking, until the last year or two, when the conditions, unfortunately, have somewhat changed for the worse in regard to the homeward business, while outward cargoes were very, very far from being sufficient to provide full loadings (I may mention that the last steamer of our Line, which had a capacity, I suppose, of 6,000 tons, had something like 300 tons on board), homeward cargoes could usually be found to the full capacity of the ships. Therefore, when you have got an overflowing supply of cargo you do not require systems of deferred rebates. Rates are naturally controlled by supply and demand. They rise or fall as circumstances warrant. Unfortunately, as I have said, that state of matters is not so true now as it was, and it is becoming a very serious question as to the provision of homeward cargoes for vessels; and that is having this effect, that the better class of traffic, which has a bigger margin for cutting, is becoming more and more a matter of arrangement between the Lines to maintain at a fixed figure. We do not have a deferred rebate to do it, but, possibly, that may come some day also, unless we devise some better system.

18064. Now, I will just read Question 17557, which was put by Mr. Maddison: "So far as the past and "present are concerned, you have not suffered by the "rebate system at all?—No. (Q.) Then what is your "complaint?—We are complaining that the freights "are higher than they were formerly, and from the "fact that traffic going by the same boats, though to "a different country, is charged at a lower rate, we "draw the inference that we are paying more than "is necessary." What do you say to that last statement?—I do not see the logic of it, but I would think the answer to it is this, that if a steamer is going to America, and she has a certain space available over and above what she requires for her Canadian traffic (I am taking this case in point), any freight that she can get to put in the unutilised space, so long as it leaves any margin whatever over the expenses of handling it, goes to help to pay the expenses and diminish the loss of the carrying vessel, and to that extent it is an advantage to the Canadian importers rather than a disadvantage; because, of course, this traffic being for the United States does not enter into competition in the very slightest degree with the Canadian cargo. Then I would also point out, that that system of accepting a lower rate for cargo, other than for the immediate port of destination of the particular vessel, is not by any means confined to Lines which have systems of deferred rebates, nor, indeed to Conference Lines. The New York Lines, which I have just referred to charge a much higher rate for local New York traffic than the Canadian Lines are doing, and, similarly, they charge lower rates for their traffic bound to the Western States.

18065. Now, is it true that the rates from the Continent—from Rotterdam—are very much lower than from England?—From the Continent to Canada, are you speaking of?

18066. Yes?—I cannot speak for Rotterdam. I do not think there is any regular Line, so far as I know, from Rotterdam; but from Antwerp, most unquestionably, they are not.

18067. What do you say as to Hamburg?—I do not think there is any regular Line from Hamburg, but what I will say in regard to that is this, that the Antwerp Lines, who would feel the Hamburg competition, or the Rotterdam competition, for that part of the matter, very much more than the British Lines would do, feel themselves perfectly able to maintain a fixed tariff of rates at least as high as the British tariff; and, therefore, I am satisfied from that, although I do not know it of my own knowledge, that there are no such lower rates in force from Hamburg and Rotterdam to Canada.

18068. Then your view is this, or, at least, Mr. Sanderson cleared this matter up in this way. Mr. Sanderson put this question: "Is not it due to the "fact that there are two opposing Lines fighting hard "to get into the Continental Conference?" Now if that is the case, of course, the freights would be abnormally low?—Yes, that would be so, if it be a fact, but, personally, I do not think their opposition can be anything very serious, because I never heard of it. I am talking of the Canadian trade.

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18069. (*Mr. Sanderson.*) I was talking of the Continental Atlantic trade?—I think your argument is perfectly sound.

18070. There is the Cosmopolitan Line to New York from Hamburg fighting very hard for through rates?—But I purposely said I was referring to Canadian trade.

18071. (*Chairman.*) That may be the reason why there is a low rate from Hamburg?—Yes, only that the rates from the States are generally so low that one can hardly imagine them being lower, even with an opposition. But still that is a perfectly sound reason for it. I can see quite well, from all the evidence of this gentleman, that what he is concerned about is that he has been deprived of the opportunity of beating down rates to a ruinous level. That is his whole grievance, and it is a perfectly reasonable one, from his point of view.

18072. (*Lord Inverclyde.*) Do you carry traffic from Liverpool and Glasgow to the interior of the United States viâ Canada?—Yes, to a small extent.

18073. Do you observe that in that gentleman's evidence, which you have already referred to, one of his complaints was, that you accepted a great deal less ocean freight for the United States interior places than you did for traffic going to Montreal, and he argued that was unfair to Canada. What do you say in regard to that?—As I have said, when I was explaining that question of the lower rates that are accepted by all Lines, whether in Conference or not, to points beyond the immediate point of landing, I do not see that there is anything unfair to him. The United States traffic does not come into competition with Canadian cargoes at all, and these rates are the result of excessive competition by a number of ports. Just take this gentleman's own trade. I think he is a wholesale draper, but I have no doubt he very often sells special lines of goods either at no profit or at less than cost, which is the usual way they advertise. He would be very much aggrieved if it were suggested that he should sell the whole of the contents of his warehouse at these same special terms, because on account of special reasons he had to sacrifice and take a lower price for some portion.

18074. Then, complaints are made by traders that your rates in certain instances are higher than the New York rates. Does the question of insurance especially affect you in the St. Lawrence trade?—Most seriously. The insurance is not only very much higher than to New York, but there are other circumstances. The Montreal trade is a seasonal trade. We can only run to Montreal from April to October, and the result is, that almost all our charges, labour and otherwise, are very much greater than in a trade in which you can run for 12 months in the year. If you would permit me, I would just like to add something else to what I have said?

18075. Certainly?—The New York trade, as no one knows better than Lord Inverclyde, is a very special trade, in view of the enormous number of passengers that proceed to New York, and that trade is supplied with a magnificient fleet of steamers whose principal earnings are derived from passengers, and who provide a tonnage enormously in excess of what would be necessary for cargo purposes only. That unfortunately has a tendency to beat down the rates of freight to a lower figure than what would be the case in normal circumstances, which in view of that makes their rates compare unfavourably, when the circumstances are not known, with vessels going to ports which are more entirely dependent upon cargo. Then there is the question of duties, which comes into play. Many articles of commerce in the United States can barely be carried at all on account of the excessive duties in the States, and they cannot be taken at normal rates of freight.

18076. I believe you have seen a copy of a letter from Messrs. Ruston and Procter, addressed to the President of the Board of Trade?—Yes, I saw one paragraph of it.

(*The letter was handed to the witness.*)

18077. They complain that they are very much handicapped in introducing engines, &c., which they manufacture, into Canada, and they blame the shipping companies for it. They say, one of the chief causes is higher freight rates from this country to Canadian ports, and the preference duty is not sufficient to compensate or account for these charges. What do you say to that?—I would say, in the first place, that this is rather an unfortunate instance to give as a sample of what freights are made under a Conference, because it so happens that machinery is one of the articles that, under the arrangements of the Conference, are left free to each Line to quote whatever rate they please for as to all lifts over 5 tons, subject only to the proviso that they do not charge less than the moderate freight of £3 a ton, weight.

18078. Then does that answer explain this complaint of that firm also, that they have the greatest possible difficulty in getting Canadian shipping companies to quote fixed rates, that is on the second page of the letter?—You will notice that part of the grievance is, that he cannot get for these goods fixed rates, which is the general custom, and which is one of the advantages of the Conference. The reason why a latitude is left in regard to heavy lifts of heavy machinery is, that the circumstances so vary in regard to shipments that it was not considered possible to make a fixed rate. For example, if a man had a single lift, weighing 15 tons, to ship, it would necessitate a steamer incurring all the expense of going to a special crane and putting on board special appliances for handling it just as much as if a man had half-a-dozen lifts of that kind. Then there are other circumstances. Now taking the Canadian trade, one of the difficulties has been that at Montreal they have had no facilities for discharging heavy lifts except such as was supplied by our own firm who had a special floating crane, and it is only this year, for the first time, that the Montreal Harbour Authorities have made arrangements to provide a large powerful crane for the handling of heavy lifts. The result of that has been that the expense of handling heavy lifts has been very serious in the past. We had, in fact, rather an amusing instance of it a few years ago, when a shipper of a lot of heavy lifts thought he could do better than by shipping by us and he chartered an outside steamer to take his lifts to Montreal, but in the end the shipper by the outside steamer had to come to us and get us to discharge her heavy lifts, and, in the aggregate, his cost was greater than it would originally have been.

18079. Do you mean he had to come to you, because you had this crane?—Yes, we were the only people who could put out his stuff.

18080. But now they could?—They have made a contract for a crane now. They have only got that length. But, still, all that will run them into a great deal of money, because that heavy crane will have comparatively a small number of heavy lifts to handle. It is quite different from a port like Glasgow, where heavy cranes are provided for the fitting out of ocean-going steamers, and the cost of these can be divided over a large series of lifts.

18081. If you go on to page three of the letter you will observe that the expenses of delivering a traction engine in Canada and of delivering one in the United States are compared?—Yes.

18082. The cost of delivering a traction engine in Canada is £184, compared with £115 in the United States, and he gives particulars of how it is made up?—Of course, I do not know how they make up the charges, but, obviously, where a factory has to put its engine on to the tracks at its own works and run it up by rail all the way, which, I take it, was this case—it is an engine delivered at Winnipeg, is it not?

18083. I think so?—It is a traction engine, and he can put it on the tracks in his works and run it right up to Winnipeg, and he has probably no more carriage to pay from his works to Winnipeg than the charge from Montreal. In fact, I see he has got £6 less to pay for carriage from his works to Winnipeg that we have from Montreal to Winnipeg, so that the whole ocean carriage is extra. Now there is another point I did not refer to, and that is the question of the risks in a steamer with these heavy lifts. We, ourselves, have had a ship sunk in the harbour of Montreal, and you will recollect that one of the Clan Line of boats was sunk in the Queen's Dock at Glasgow through a heavy lift. The cable that was hoisting it snapped, and it went through the bottom of the ship. All that has got to be taken into consideration with ocean carriage.

18084. But I suppose you admit, in a general way, that you do have complaints from traders in regard to your rates, and always will have?—The traders, of course, are inclined to grumble, but I confess that in the Canadian trade we do not have very many complaints, and we, certainly, so far as my recollection goes, have hardly ever had a complaint regarding the deferred rebate system.

18085. The point I wanted to lead up to was, how do you view a suggestion that in the event of the trader and the shipowner not seeing eye to eye as to a rate, it should be settled by some form of arbitration?—I think the suggestion is ludicrous.

18086. Will you enlarge upon that?—We never would agree to it for one moment. Why should we? We are simply the sellers of an article the same as anybody else.

18087. (*Sir John Macdonell.*) I understand that in regard to heavy lifts each member of the Conference has a certain discretion with regard to rates?—Yes, subject to the minimum I have mentioned. I may say the object of that stipulation as to the minimum is to avoid the absurdity that might arise if a 6-ton lift were charged less than a 5-ton lift would be.

18088. You have made that quite clear. Are there any other articles as to which each member of the Conference has a discretion?—No, I really do not think there are.

18089. I may take it that there is a written agreement to which all the members of the Conference are parties?—There is an agreement to charge not less than the rates of the tariff.

18090. Would you, for yourself, object to the Commission seeing that written agreement?—I have already written to the Secretary that as there are other matters mixed up in the agreement, we are not prepared to put in the agreement, for the reason that it really does not throw the very slightest light on this question that is before the Commission.

18091. Without questioning whether you are or are not the best judge of that, I understand that you object?—Yes.

18092. Now in the circular, to which you have called our attention, which was issued, I think, in 1882, you state that the object of the introduction of the rebate system was, in your words, to secure a moderate rate of freight, and a rate that will not vary?—Yes.

18093. Have the rates varied since 1882?—I am afraid you are importing into that rather more than was intended.

18094. I hope not. I am quoting your words?—Yes, but I was going to explain that this circular had, of course, reference to the rates of freight over 12 months, and not to extend over 25 years, but I think I may say safely that, generally speaking, the only variation that has taken place in rates since 1882 has been in a downward direction.

18095. The witness, to whom you have already been referred more than once, mentioned certain cases in which there had been a rise. Look at page 2 of his evidence, where he says: "The effect of the Conference "throughout has been to force the rates up. From "the winter season of 1905 and 1906, in particular, "the ocean proportion, which previous to that had "stood at about 10*s.* per ton, measurement, was raised "to 12*s.* 6*d.*, and at the present time, on dry goods, "stands at 15*s.*" Is that correct?—I was referring, you will notice, to a variation in rates since 1882. They had mainly been in the downward direction. There is no question of it. I have said, in answer to the Chairman, that I accept these figures given by Mr. Portlock as absolutely correct, but I do not consider that they require defence for one moment, unless it be to the unfortunate shareholders in the shipping companies as being still too low.

18096. That may or may not be, but I rather gather from your answer to me a moment ago that the proviso as to rates that will not vary, has been correct, except in one respect, that they have gone down?—No, I do not think you are entitled to take that from my reply. In the first place, I pointed out that this circular had reference to rates over 12 months, because what happened in the Newfoundland trade was, that in the spring of the year we would be urged by some of our friends who gave us all their traffic (fortunately many of them would do that) that we should meet the special rates charged by outsiders.

18097. I will take that explanation and pass away to another point. Now, does the rebate system at the present time exist as it did a few years before?—It is not quite so operative in regard to Liverpool as it was.

18098. The same witness mentions this at Question 17478, where the Chairman puts this question: "When "did you cease to have rebates?—I think in the winter "season of 1907-8. (Q.) So that formerly rebates were "allowed you, but since 1907 that system has been "discontinued?" And the answer is "Yes." Is that correct?—It is correct, with this qualification, that he can only be speaking for certain ports. For Glasgow it is not correct.

18099. For what ports is it correct?—Liverpool, on its through rates, has ceased to give a deferred rebate. London I do not think ever gave them in the winter time.

18100. When did that change come into operation?—I think he is quite accurate in this, that it came into operation in 1907.

18101. Might I ask you what were the reasons which induced the members of the Conference to stop the rebates so far as Liverpool is concerned?—I do not know that there was any specific reason, beyond the fact that some of the Liverpool Lines thought it was a little difficult to work in co-operation with the Boston Lines, who did not have such a system.

18102. Would you mind explaining that a little more clearly to me. Difficulties, in what respect?—The Boston Lines were charging the same rates of freight as the Canadian Lines. The Boston Lines had no system of deferred rebate, and if the system of deferred rebate were to be continued on the through traffic, which is the traffic that especially comes into competition with the Boston Lines, Canadian shippers would have to go through such trouble as belongs to a deferred rebate system if they sent by the Canadian routes, while they would avoid it if they went by the Boston Lines.

18103. What do you mean by "such trouble as "belongs to a deferred rebate system"?—A man has to go through the clerical trouble of writing at the end of the period for his rebate.

18104. But do you mean that that was the only circumstance that was present to the minds of those who objected?—I cannot speak with very full knowledge of a detail like that, because, of course, I am in Glasgow, and, really, it would not concern us very much.

18105. But is not this rather a remarkable incident in the history of this rebate system established by you? We are told of this circular that it is applicable to Glasgow, and that of late it has ceased to be applicable to Liverpool, and have you not made yourself cognisant of the reasons?—I am generally conversant with the fact that the rebate on the through rates was dropped at Liverpool, but we do not worry much about it. We leave our Liverpool people to work out the details of their business for themselves.

18106. The point is, whether if you did not worry, some other gentleman probably at Liverpool did worry, which led to the abandonment of the rebate at Liverpool?—I do not know that there was any special worry about it, but, as I tell you, I think I have given a very good reason for doing it. They were working in alliance with another route which had a different system.

18107. At all events, may I take it that it is correct that, at the instance of certain persons, probably shippers, in Liverpool they did resolve to drop rebates so far as Liverpool was concerned?—No, I do not think you are accurate in that at all.

18108. Put it accurately?—I do not think the shippers had anything whatever to do with it. I think it was entirely a matter of internal arrangement amongst the parties to the Conference. It was not at the instance of the shippers.

18109. You have described the advantages which the deferred rebate system gives to the Shipping Lines; have the Shipping Lines sailing from Liverpool, since the deferred rebate was abolished, experienced very great difficulties?—They have not had a sufficiently long experience to test that. But it is a

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misnomer to represent it as the deferred rebate system having been abolished from Liverpool, because, at the most, it is only a very partial abolition. It is only in regard to the through Canadian traffic that it is so. The deferred rebate for the direct local shipments, which, after all, are by far the most important section of the business, is still in force. It is for the local traffic, practically, that the steamers are run.

18110. Could you give me any idea, roughly, of the proportion of the volume of through traffic to Canada from Glasgow, as compared with the volume of similar traffic from Liverpool?—No, I do not know the proportions of the two; but what I do know is this, that from all ports the Montreal local traffic is a very much more important item than the through traffic.

18111. But, at all events, this is the state of things, that the system no longer subsists, so far as the through traffic from Liverpool is concerned?—Yes, that is so.

18112. Now, would you mind looking at paragraph 5 of your *précis*, please, at the part beginning with the words "deferred rebate"? You call attention there to the fact that the periods during which the deferred rebate is held in hand vary considerably. In some cases they are held in hand for six months; in the case of the London Lines they keep them about three to four months in hand?—Yes.

18113. In your view, is the last period sufficiently long for the purposes of the Conference?—No; I think it is a very poor hold. Perhaps I may explain how it comes about that the London Lines have this different arrangement from the Liverpool Lines. The Liverpool Lines had these deferred rebates considerably before the London Lines; they returned them on all their traffic over the whole year, and they gave them at six months' intervals. The London Canadian Lines have not been in the habit (taking our own Line as one of them) of running during the winter season at all. The losses in the trade in the winter were so serious that they did not attempt to run during the winter months, and, therefore, they had to confine their rebates to the Montreal trade, which they alone carried on. They made the period of payment of the deferred rebates synchronise with those of the Liverpool Lines, namely, on the 30th of June and the 31st of December; so that on the 31st of December the deferred rebates were made on the shipments that went forward in April, May, and June, and then on the 30th of June the deferred rebates were given on the shipments that were made during July, August, September, and October; those being the seven months that formed the direct Montreal trade.

18114. Still, am I not right in saying that the net effect of these differences was, that the London Lines had about one-half the hold over their customers which the Liverpool Lines had?—No; I would not put it so strongly as that, for this reason, that the shipments in the Canadian trade are much larger proportionately during the season of direct navigation to Montreal than in the winter months, for the obvious reason that the whole of the Montreal traffic during the winter season has to incur railway carriage. As far as time goes they are on a par.

18115. But directing your attention to the position of the shipper from London and the position of the shipper from Liverpool, is not the hold in the one case three months and in the other six?—Yes; I say, that as far as time goes, it is one-half. It is not as regards money.

18116. Would you be prepared to advise a levelling down of the long period to the lower period or a levelling up from the lower period?—I should certainly say it should be levelled up to the higher period, unquestionably. The longer the period the greater the hold.

18117. But, at all events, this system of three months has subsisted for a considerable number of years?—Not very many years.

18118. How many?—Not very many.

18119. How many should you put it at?—It is only a few years.

18120. Now, the rebate system does not, as we know, exist in the case of the United States?—No, not at present.

18121. You say, not at present; what do you mean by "at present"?—We had a rebate system applied to one article in Scotland in the New York trade when we were in it.

18122. That has ceased to exist, has it?—Yes, and we ceased to exist, too. We were driven out of the trade, it was so unremunerative.

18123. But taking the great volume of the trade passing from this country to the United States, no rebate system exists there?—No, there is really no necessity for it. It is such a miserable trade that nobody would go into it. I am talking of the cargo section. It exists by its passenger business.

18124. You have stated, as I understand, that there were differences in the ocean freight between articles going to Canada and articles going to the United States?—Yes.

18125. But you added, I think, that these were not competing articles?—No. I say, that the stuff that goes to Chicago, for example, does not compete with the cargo that is going to Toronto.

18126. Have you had your attention called to paragraph 8 on page 2 of Mr. Portlock's evidence?—No; I had not seen this evidence until I came into this room.

18127. Then, look at that paragraph 8 on page 2, will you? You will see there a number of examples given. Dry goods to any port of Canada other than Montreal are charged 15*s.*, measurement, while if for a Western United States port, the ocean figure is 7*s.* 6*d.*; and then he mentions other things, carpets, 12*s.* 6*d.*, as against 7*s.* 6*d.*; crockery, 10*s.* as against 6*s.* 6*d.*; and various other articles. Are these figures correct to the best of your belief?—No, they are not.

18128. In what respect are they inaccurate?—So far as Glasgow is concerned, our rate for States dry goods at the present time is 15*s.*, instead of 7*s.* 6*d.* as mentioned here; and I see from a copy of the Liverpool-Boston tariff, which I have here, that the rate——

(*Sir John Macdonell.*) It is the proportions that are pointed out.

18129. (*Lord Inverclyde.*) He does not say 7*s.* 6*d.* is the rate; he says it is the proportion you get out of the through rate?—I am speaking to that. I say, the ocean proportion that we get out of the through rates from Glasgow (we do not follow Liverpool in all its rates) happens to be 15*s.*, the same as to Canada. By the Liverpool-Boston tariff, I see the rate for Western States fine goods is 10*s.*, and not 7*s.* 6*d.* as mentioned here.

18130. (*Sir John Macdonell.*) As far as you know are these figures quoted by Mr. Portlock accurate as far as Liverpool is concerned?—No; it is the Liverpool-Boston tariff I have before me, and it is 10*s.* instead of 7*s.* 6*d.*

18131. As against 15*s.*?—Yes, as against the 7*s.* 6*d.* he has given and the 15*s.* for Canada.

18132. Take the case of Cardiff to Canada, 12*s.* 6*d.* as against 7*s.* 6*d.* Is that accurate?—No; our rate from Glasgow, I think, is 12*s.* 6*d.*, and the Western States from Liverpool is 10*s.* also; but I do not really think it matters much. I am quite willing to admit, as I have said already, that for the United States through traffic there are lower rates taken in some cases, and it may be in many cases, than for through Canadian traffic.

18133. But would not that seem to imply that if you are carrying traffic going to a port of the United States at, say, 7*s.* 6*d.*, and you are charging 10*s.* 6*d.* for Canadian traffic, either you are carrying the United States freight at a loss, or you are charging too much for the Canadian traffic?—I am afraid that my explanation that I gave to the Chairman has not had the effect that I intended, if you hold that. As I hold, your view is entirely erroneous.

18134. I have no views on the matter at all; I am asking yours?—Or rather the view your question implies. I have no hesitation in saying that it does not imply any such thing. The fact that we carry for certain traffic at a lower rate than for another, does not imply necessarily either that the one rate would be a remunerative one for the whole or would not.

18135. I see the force of your reasoning if the amount that you carry at the low rate is comparatively small;

and the question I am going to ask you is whether the quantity which you carry to Canada is not much greater than the quantity of through traffic which you carry to the States?—It is infinitely greater; but still I do not think my argument would be effected so long as we did not carry through States traffic to the exclusion of the Canadian, which, of course, we never do. We do not require to go away from this country to find instances of carrying at through rates, cargo yielding less freight than local cargo.

18136. I am aware of that?—And far more glaring instances than either.

18137. I am aware there are many such. Are these different rates published and made accessible to the public?—Not at all, in the sense of giving the whole of the rates to the public. We always give a shipper any rate he enquires for.

18138. But there is no published tariff accessible to anyone?—No.

18139. You have had experience not merely in regard to steam vessels, but you are also owner of tramps?—Yes.

18140. May I ask whether there is any room now, or has there been any room for some time, in the Canadian trade for tramps?—Do you mean in the liner trade?

18141. First of all, in any trade, in point of fact?—Yes; there is a considerable timber trade done by tramps.

18142. Put the timber trade aside, because I should expect that?—There are not many tramp boats going to Montreal, and the main reason for that is the excessive extra insurance they have to pay.

18143. That may be one reason for sailing vessels not going up the St. Lawrence, but do you not think that the rebate system has had some effect?—Absolutely nothing.

18144. Is the shipper, under your system, free to ship by a sailing vessel?—No.

18145. He is not?—As a matter of fact, there is no such thing as a sailing-vessel rate from this country to Montreal. When I started business first, we used to have a dozen sailing ships from the berth at Glasgow to Montreal, and we have not now had one for 15 years.

18146. Is the customer free to ship a whole cargo on a tramp steamer?—I may say that question has never arisen; but I should be inclined to say he is not. But the thing has never arisen.

18147. Your duty, so far as giving rebate is concerned, is found stated in a circular, issued by the Conference, I should presume?—Yes; I gave the Secretary copies of the circulars and rebate forms.

18148. You do not bind yourself to supply regular tonnage and regular sailings, and not to ship goods on your own account?—Certainly, we have never bound ourselves not to ship on our own account; which would be the very last thing we should ever think of doing.

18149. Do you, in point of fact, ship goods on your own account?—We have occasionally shipped coal when in desperation.

18150. But do you from time to time ship any other goods than coal on your own account?—No.

18151. That has of late never been done?—No, never. We believe in the shoemaker sticking to his last. But we have no contract to prevent us from doing it.

18152. There is nothing to prevent it?—There is nothing to prevent us doing it except commonsense.

18153. Would you see any objection to expressing the dictates of commonsense in a written agreement stating not merely the duties of the shipper and his liability to forfeiture, and also your duties?—It depends on what *quid pro quo* I am going to get for it. I am willing to enter into any reasonable contract if I get a sufficient value for it.

18154. No doubt it is my fault that I do not make myself clear; the shipper is under a certain liability to forfeiture in certain contingencies, and, I presume, you undertake to supply him with regular sailings?—If you mean undertake in the sense that we come under an obligation to him for regular sailings, we do not.

18155. You do not?—We do not. I do not think any shipper, having experience of how we have conducted our business for the last 50 or 60 years in steam, would think of asking us for such an obligation; but we should require to have something very much greater than having a deferred rebate system to hold us bound to undertake fixed sailings.

18156. Do you see any objections to giving reasonable notice to shippers before there is an alteration in the rate?—I think there are very many objections. It is very apt to be disturbing to trade. If it were a reduction, for example, we should have people hanging up their shipments; and if it were an advance, we would have them pouring them into us so far as they could to get the advantage. I may tell you of an experience we have had in regard to that. We have had frequently cases of reductions in rates, but I never recall a single instance in which a shipper came to tell us that he had booked a certain quantity of cargo on the basis of the old rate of freight; but whenever we announced an advance in the rate, the number of contracts notified to us on the basis of the old rate was something extraordinary.

18157. Your experience, as a man of business, would lead you to think that such a notification could not be given in all circumstances?—No. As a matter of fact, one of the results of the Conference rates is, that the rates fixed at the beginning of the season, in the absence of very special circumstances, tend to become stereotyped as a maximum. Conferences are not all advantages. Members of Conferences, while they are tied to fixed rates, have still all the ordinary inducements to try and secure the favour of shippers, and, unfortunately, in all Conferences every member of a Conference is, perhaps, too much inclined to inform the shippers that Codlin is their friend and not Short; and these influences tend, as I say, to almost stereotype, as the maximum, the rates at the beginning of the season.

18158. Is that statement a somewhat expanded description of undercutting?—No, not undercutting. They do not undercut. But if there were a question of advancing rates, there is always a tendency for one Line, perhaps, to argue against the advance for the sake of keeping in with the shippers.

18159. (*Chairman.*) When did the rebate system in the trade from Liverpool cease?—It has not ceased wholly. It is only in regard to the through traffic. I think the figure that is given here of 1907 is accurate.

18160. Do you think that the sailings in that trade would be less regular than they were?—I do not think so. As a matter of fact, the outward trade in the North Atlantic trade is a comparatively small thing. Some of these big ten-thousand-ton steamers that sail from Liverpool frequently go out from Liverpool with three and four hundred tons of freight.

18161. It is a comparatively unimportant trade?—The outward trade is. It is really ballasting.

18162. (*Mr. Maddison.*) I see in your sixth paragraph you say: "Our shippers would regard as insulting the suggestion that they would be deterred "by the loss of their rebates from ceasing to give the "Conference their exclusive support"?—Yes; I must say, from what I know of British merchants, I think they would.

18163. Would you also say that it would be an insult to shipowners to say that they could not retain the confidence of these shippers without deferred rebates?—I do not know that anyone has ever said that.

18164. I am asking whether you would say it?—What do you mean by "confidence"?

18165. Retain their custom?—Retain their support?

18166. Yes?—No, I would not say it was an insult.

18167. But you would say, if you reverse it, that it was an insult to the shippers?—I say it is an insult to a British merchant to suggest that he would allow himself to become tyrannised by the forfeiture of that comparatively small amount of money which the rebate represents.

18168. But if one were to suggest that that comparatively small amount of money was the means of keeping the support of these people you would not regard that as an insult?—I have explained the extent to which I consider rebates keep them. I said in reply

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to the Chairman that I did not contend for one moment that a rebate would retain the support of the shippers against a strong organised opposition ; and I am quite certain it would not.

18169. May we follow that out? Supposing there was a strong organised opposition of shippers, what form would it take?—In all probability it would take the form of another shipowner coming into the trade and being promised the support of these shippers.

18170. What would you immediately do when that happened?—The probability is that we would fight them if we had a reasonable hope of driving them out.

18171. But supposing you had not a reasonable hope of driving them out, what would happen then?—We would probably try to come to an arrangement with them to charge level rates.

18172. Would you get them inside the Conference? —I do not know whether we would succeed or not, but I think it would be the best thing for everybody if we could.

18173. That would be your object—to get them into the Conference?—Naturally.

18174. You would do all sorts of things to do that?—No, we would not do all sorts of things.

18175. You would not do all sorts of things, I know —that is too wide ; but you would make terms which, in the absence of a fight, you would not be prepared to make?—We would no doubt try all legitimate means to do what we considered best for our business.

18176. What about the organised opposition of shippers, when that had taken place?—How do you mean?

18177. I mean, when you had collared the competing Line and got him into your Conference, where would the shippers be then?—The probability is that they would be very much as they were before.

18178. In your hands?—I do not consider they are in our hands at all.

18179. I mean, they would be compelled to ship by these Lines?—No ; I do not see that they are in our hands at all. These shippers, if they bring in an opposition Line, could make their conditions with them in advance. They could stipulate, for example, that if they gave them their support they should not go into a Conference.

18180. That, of course, would depend on other circumstances—whether, for instance, the other Lines accepted them, or whether your terms were better than theirs?—Whether, in other words, they would make it worth their while, which is just exactly what we do under our deferred rebate system.

18181. I think you will admit, will you not, that, at any rate, it is rather difficult for shippers to organise an opposition?—No, I do not think so.

18182. You think that it is quite an easy thing for a few shippers to get fresh Lines to come in, or to charter their own ships, do you?—It depends entirely on who the few shippers are. There are some trades where three or four shippers, if they chose to hold out against the deferred rebate system, or any other Conference arrangement, could smash the Conference. As a matter of fact it has been done before now. Take, for instance, the case of the Bombay importers who transferred the whole traffic from particular Lines to others.

18183. Then, would you say this—that the organisation must be a very strong one on the part of the shippers to be very effective?—It depends on what they are setting out to achieve. If it is to start a strong Line in a trade that is probably over-supplied with tonnage already, it would require a strong combination.

18184. Would you say that the Conference system has reduced rates, or merely made them more equal and stable?—That is a very difficult question to answer. I think, in all probability, it may have tended to a more moderate freight, on the average, by reason of its tendency to restrain an excessive amount of tonnage from being put into a trade.

18185. With respect to the cessation, or abolition, or dropping, or whatever you call it of deferred rebates on through traffic viâ Canada into the United States, I was not quite clear as to what the actual cause of that cessation was?—As I explained to another member of the Commission, I cannot say all the causes, because it is really not a thing that we have discussed specially ; but, undoubtedly, the main reason for it was the fact that the Canadian Lines had arranged to work at equal rates of freight with the Boston Lines, and the Boston Lines had no system of deferred rebates ; so that to the points to which the Boston Lines could compete throughout the year, shippers by that route would have avoided having to claim deferred rebates which they would have to do with the Canadian Lines.

18186. You speak of equal rates, but what was the process in making them equal? Did you lower your rates?—Certainly not.

18187. It was the other way about, was it?—I am not sure but what I should qualify that, because, unfortunately, we did have to lower some of the rates by reason of this fact that the Boston Lines have a difficulty in charging a higher rate for Canadian traffic than they do for local Boston traffic. Unfortunately, some of the rates for local Boston traffic have to be kept at a ridiculously low figure, by reason of the heavy duties in the United States.

18188. We have had a complaint from the representative of Messrs. Eaton (Mr. Portlock) that the rates to Canada were very high ; do you agree with that?—Certainly not. I would be very glad if you would name any of the very high rates?

18189. I am not able to do that, but I would call your attention to the letter from Messrs. Ruston, Proctor & Co., in which you will see they state that for a traction engine the freight to Montreal was £62, whereas the freight to Buenos Ayres was £42 10s.?—I am afraid that Messrs. Ruston, Proctor & Co. have not given the necessary details to enable the figures to be compared.

18190. Then, you are not able to say whether those figures correctly represent the respective freights?—I cannot speak to the figures. There is not a single bit of information as to what this traction engine consisted of, what was its weight, and what its dimensions. The letter does not say, for instance, whether that engine has been shipped by a tramp steamer which has loaded an entire cargo of coal and taken an engine in addition. There is no data on which anyone could give a decision. But, as I have already pointed out, the question of the freight on heavy machinery is one of those things that is not affected, practically speaking, by either the Conference or the deferred rebate system.

18191. Except that you have a minimum?—Yes, we have a minimum, but it is a minimum at the ridiculously low rate of 60s. per ton weight, for lifts exceeding 5 tons.

18192. But as a matter affecting Canadian rates and bearing upon previous evidence, would you say that if this is a fair and equal comparison—because I appreciate your point there—that the difference between £62 and £42 10s. to those respective ports means an extravagantly high rate in the former case? —That does not follow, because the rate to Buenos Ayres might, for some reason or other, be extravagantly low. I will tell you one thing that does happen as a rule in regard to heavy lifts to Buenos Ayres : The obligation is very frequently placed upon the consignee to bear the whole expense of taking the heavy lifts out of the ship (which is a very material addition to the cost) whereas that is not the practice in regard to Montreal. That one item alone might make the freight to Montreal dearer than the freight to Buenos Ayres.

18193. You mean to say, that there are better facilities at Buenos Ayres than at Montreal?—There are better facilities.

18194. And, therefore, it is cheaper?—Yes. The point is this, that the ship has not got to pay for that out of her freight in the case of Buenos Ayres, while she does in the case of Montreal.

18195. I suppose that would not make up the difference between these two rates?—It might quite easily ; it depends entirely.

18196. The difference is £20?—It might. As I say, we have not got the data on which to form an opinion.

18197. I only call your attention to it because this is from a very great firm, and, to an outsider, the rates seem to be either high or low in the one case or

the other, and I wanted your opinion upon it?—It is just the very fact that they are a great firm that may explain it. It is quite a possible thing that they may have been able to take up an entire ship to Buenos Ayres. What you may rest assured of is this, that every shipowner engaged in a regular trade has every reason to encourage that trade. We do not have merely paper rates. If we find that rates are oppressive, and if the circumstances will at all permit of our modifying them, we do not hesitate to do so.

18198. I think you demurred to the calling of Shipping Conferences, monopolies?—Yes. They are not monopolies. Unfortunately, we have no monopoly.

18199. They are only short of being monopolies in the sense that you have not yet succeeded in making them monopolies?—No. We are never so wild in our views as to expect to get a monopoly or anything like it.

18200. Is there much shipping outside your Lines from Glasgow, we will say, to Canada?—Yes, there is another Line.

18201. I mean, outside the Conference?—No. There are just two Lines to Canada.

18202. My question is, then, as a matter of fact, is it true to say that the shippers from Glasgow are exclusively dependent upon your Lines?—Not wholly. There is the Anchor Line to New York; but there are only the two regular Lines from Glasgow to Montreal. I may tell you that one Line could far more than carry the whole cargo of the two Lines outwards.

18203. Your object, I think you said, was not to monopolise but to induce shippers to patronise your Lines?—I adopted the Chairman's very happy expression of "induce."

18204. What are the methods of inducement?—An extra commission or discount.

18205. That is what you call deferred rebate?—Yes.

18206. You said that the shippers were perfectly at liberty to go elsewhere, and that it simply means that they would have to forfeit their rebate?—Yes.

18207. That does not make it altogether simple, does it?—I said, subject to their forfeiting the rebate. That is the only thing that it is subject to.

18208. I think you have made it clear that, in your opinion, it is a real advantage to traders to have a Conference system?—I think it is, to shippers generally.

18209. They get regular sailings and stable rates?—Yes.

18210. I think you have stated in your *précis* that it does not matter about their being low rates as long as they are stable?—I did not put it absolutely like that.

18211. No; you hardly have made anything absolute?—I say "shippers, generally, are far more concerned to secure equality and stability of rates than "cheap freights." I will give you a very striking instance of that very fact as to their desire for equality of rates. We had a strong application a few years ago from a pretty considerable shipper to reduce the rate on a particular article. He put his case pretty strongly, and the Conference, as it always does, paid respect to the shipper's representations. We had pretty much made up our minds that we would make some concession in the rate. Then the shipper asked us, "Is everybody going to get this reduction?" "Certainly." "Then you need not go any further; it is no use to me unless I am to get it to myself." It was an advantage over his neighbours that he wanted.

18212. Is it an offence in your idea for a man to want to get an advantage over his neighbours in trade?—No. I say, it is perfectly legitimate for every man to get as good terms as he can, precisely as it is no offence in my eyes for the shipowners to try and get as good rates as they can.

18213. Exactly; but under your Conference system, I think you will admit that there is no scope for a man to try and get better terms than his neighbour; it is all a dead uniformity?—If he wants to get the full advantage of the Conference conditions he must take the rates of the Conference.

18214. But in practice he has no choice, has he?—I do not know what you mean by "in practice he has "no choice."

18215. Take the ordinary shipper, who for some reason or another cannot or will not combine with his friends, and he is left there just as an ordinary shipper; he is in Glasgow, and he is practically dependent for freight to Canada on your Line and the other Line?—Yes, in a sense he is; but you can put the same qualifications to almost anything. There are any amount of combinations in regard to prices in this country, and unless I as a buyer take some pains to try and break down a combination or to buy outside of it, I have practically no option but to pay their prices.

18216. Do you know of any trade other than shipping where the rebate system is in existence?—I do not know that they have the rebate system, but they have far more stringent conditions. Take, for example, the wall-paper conference. They make it a condition that a man must buy all his papers from the members of the combination, with a slight relaxation in favour of foreign papers to a small percentage. If the party does not adhere to this condition, they not only will not give him the benefit of the lowest price, but they reserve the right, and exercise it, of refusing to sell to him at all.

18217. Do you regard that as an ideal system?—No, I do not.

18218. You are not aspiring to that?—We have not considered that; but I have no hesitation in saying that we do not want that.

18219. I only want to know whether that is an ideal towards which you are working, or whether it is a warning of what you want to shun; unless I know that, I really do not quite understand your position?—I am wanting to show that the shipowners' system is not at all a severe one.

18220. But you do not know of any other where deferred rebates are in existence, do you?—I do not; but personally I do not consider that is an argument against our system.

18221. I was not wanting an argument; I only want the fact?—I cannot speak for others; they may have deferred rebates, so far as I know.

18222. But so far as you know, they have not?—I do not know that.

18223. Just to conclude—in this very historical account of the development of rebates, you tell us that at one time you had a system by which you gave better terms to those who shipped with you for a whole year than to those who did not enter into such a contract?—That is so.

18224. That was a different system to the rebate system, was it not?—It was.

18225. Do you think it was a better system or a worse system?—I do not think it was a better system.

18226. It left a little more latitude, though, did it not?—I endeavoured to explain earlier in the day that I think in some respects it left less latitude to the shipper, because he was committed in advance, whereas the beauty of the present system is that he is not committed.

18227. Do you seriously say that the ordinary shipper is not committed? He is committed to your rates, whatever they are, is he not?—No, excuse me, he is not. Our rebate system, for example, in the Glasgow-Canadian trade runs from November to October; supposing in the month of April a new Line were to start to Montreal, all that the shipper has got to do in order to be absolutely free to give the fullest support to that opposition Line is to forfeit the amount of rebates that he has earned in the previous six months; whereas if he had a contract with us for the whole of his traffic for the twelve months, he could not have taken advantage of that opposition.

18228. During the last twenty years how many new Lines have been started in the Canadian trade?—There has been one established, and there was another attempted in a very feeble way.

18229. In the twenty years?—Yes; that is in the Glasgow-Canadian trade.

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18230. We will take what happens, and not what might happen. Do you say the shipper was less free under the old arrangement?—He is free at the present time to ship viâ New York.

18231. I think we must keep to it that he has to ship direct to Canada. I ask you again, how he is more free under the rebate system than he was under the former system?—There has been nothing to hinder him in all the twenty years arranging with parties to run steamers to Canada—nothing; but he has had no reason to do so, because he has had moderate rates and a full service.

18232. The point I want to put is a very simple one. You said that the men who entered into a contract for one year were more tied than those under the rebate system?—I said that in some respects he had less latitude; and I adhere to that.

18233. My question to you is: In what sense is the shipper more free under your Conference system, inasmuch as he has to take your rates year in and year out?—You must have regard to the reasons why he has had to take our system. Our system has been so satisfactory that there has been no dissatisfaction with it, and there has been no opposition started.

18234. (*Mr. Owen Philipps.*) Is it not the case that the regular shippers prefer the rebate system to the previous system of yearly contracts?—Unquestionably.

18235. If the rebate system were made illegal and you reverted to the system of yearly contracts, is it not the case that a shipper would lose very considerably more if an opposition Line came on during the year with very cut rates and he wanted to support it?—Yes, he might. I do not know, of course, whether it would necessarily be worse for the shipowner or not—we never know.

18236. I am taking the shipper?—I do not think it would be anything like as good a system for the shipper.

18237. (*Professor Gonner.*) As to the Glasgow Lines, you say, "The Glasgow Lines act by themselves, and "return the rebates at the end of each year ending "in October, when they hold nothing in hand"; and the Newcastle Lines follow their example?—Yes.

18238. Then there is no deferred period in the case of the Glasgow rates?—No, we have not got the advantage of that.

18239. Practically, then, in the case of the Glasgow rates and the Newcastle rates, there always is a particular time when a shipper can commence shipping by another Line without losing anything whatever?—Yes, that is so.

18240. That differs rather materially from the deferred rebates of which we are cognisant in other trades?—Yes. Our deferred rebate at Glasgow and Newcastle is admittedly not so good from the shipowners' point of view as the others.

18241. You say, it is not so good, but have you experienced any disadvantage from its not being so good, as you call it?—No; but what might apply to our trade would not necessarily apply to other trades; practically the reason that we have not experienced any difficulty is, that the Glasgow-Montreal trade is so closely filled, as it were, that there is no possible room for another Line to start. Our own Line could carry the whole of the cargo of the other Line as well as our own, and a great deal more.

18242. Of course, you have read some of our evidence, have you not?—I read a great deal of it until I got tired of it.

18243. Many of our witnesses suggested this admirable system, which you have introduced in Glasgow, of a deferred rebate which is all payable at the end of the year, but not deferred for a further period?—Those were shippers, were they not?

18244. Yes?—Quite naturally. If I were asked what, from the shipper's point of view was the better system, I would, naturally, say, one that left me freer—unquestionably.

18245. What I do not quite understand is, why you have adhered to that system in the Glasgow trade?—As a matter of fact, that was the system that was started with them all at first, and as there would have been some bother in changing that, we did not think it sufficiently worth while to make the change, for the reasons that I have given. We have practically very little fear of opposition in the Glasgow trade; but, mind you, it is not quite such a weak hold as it looks, for this reason, that the period when an opposition in the Canadian trade would naturally start, if it were to start, would be at the beginning of the season of direct navigation; so that we always start with six months before the period that would be likely to be an opposition period.

18246. One can see that?—But I frankly admit that it is not so good a hold on the shippers as the other system.

18247. Is it not rather a curious thing that where you endeavoured to introduce additional rigour into the system, namely, in Liverpool, you have seen reason to abandon the system altogether, or, at any rate, as far as through traffic goes?—I do not think that had anything whatever to do with the introduction of the six months' arrangement. The system was in full operation in Liverpool for a considerable time after the arrangements were altered, so as always to have six months in hand.

18248. Still, it is in Liverpool, apparently, that it has been abandoned, and I suppose Liverpool is the most important of the ports of shipment, after all?—It has certainly the largest section of the Canadian trade.

18249. There for some reason or other—and I am bound to say I am not quite clear as to the reason—the system has fallen through?—For the through traffic.

18250. Do you think, with your knowledge of other systems where the rebate system has held good, that you would say there has ever been an enforced rebate system in the Canadian trade as uniform as, for instance, in the South African trade?—No. The Canadian rebate system has been very much just what I have described. We have never had Glasgow and Liverpool and Newcastle and London combined as they have in the South African trade.

18251. But you have to observe loyalty with regard to all the ports, have you not?—No. Each port stands by itself, so far as the rebate is concerned.

18252. If you take a particular shipper, or manufacturer, let us say, who is shipping goods, he might obtain a rebate on his shipments from Liverpool even if he employed outside Lines from Newcastle?—Yes.

18253. So it is a very limited rebate system?—Yes, very limited.

18254. It is not anything like the stringent system which has been adopted elsewhere?—It has not been such a good system from the point of view of the shipowner.

18255. But it seems to have worked very well?—The circumstances are just as I have said. There has not been the same necessity for it in the North Atlantic trade as there has been in, say, for example, the South African trade, or the River Plate trade.

18256. I want to follow that out. You said that the system of deferred rebates was started in 1877; to what sort of deferred rebate system do you refer?—The return of primage for exclusive support.

18257. At the end of the period, as you do in Glasgow?—When it started, the system was practically the same as we have still at Glasgow; it was at the end of 12 months that they could have been free. I think always having six months or a certain period in hand, is a development, and a very natural development, of the system.

18258. Do you know when that was introduced in any trade? That, of course, is a most interesting point about the deferred rebate system?—I could not say, but it must have been a great number of years ago.

18259. Of course, there is a material difference, as I think you will agree with me, between the system you have in Glasgow and the other system?—There is a little stronger hold, unquestionably, on the shipper.

18260. It is a permanent hold, is it not?—It is a permanent hold unless he chooses to sacrifice his rebate; and I say that no merchant would hesitate to cancel his rebates if he saw sufficient inducement to do so.

18261. But you do not know at all when it was introduced into any particular system?—No, I could not say the particular year.

18262. I am a little bit doubtful as to why you should enact a rebate system if you state that shippers would regard it as insulting if it were said that they were deterred by an anticipated loss from shipping elsewhere?—I do not see how the two things hang together at all. You asked me if I had read the evidence. I saw it again and again suggested that British merchants would be deterred from ceasing to support the Conference Lines because they were going to forfeit a given amount of money for rebates. It was put as if they would submit to a tyrannical system, but I have no hesitation in saying from my knowledge of British merchants generally that I think they would resent the idea that if they considered the system was one that ought to be put an end to they would be deterred from putting an end to it by the loss of a few hundreds, or even in the case of the big shippers, of a few thousand pounds.

18263. But certain shippers have told us that they were deterred by that consideration?—I have not seen very many shippers of prominence who have said that. In the case of the only shipper of prominence whose evidence I have seen, I judge even from reading the printed evidence that there was a personal element entering into it; I may be wrong, but that is the impression which reading the evidence left on my mind.

18264. Then, turning to another point, in the Newfoundland trade is the system of rebate or Conference outward and homeward combined?—No. The Newfoundland rebate system has the peculiarity, as compared with all the others, that in that trade we do not make the arrangement for the return of a rebate to the shippers at all, but we make it to the actual buyers of the goods—the importers of the goods in Newfoundland.

18265. Then it is not given to the exporters?—It is not given to the shippers at all; it is given to the importers, and they only get it in that case in return for exclusive support from the United Kingdom—the whole of the United Kingdom is put together.

18266. What do you do to an importer whose shipper has sent him goods by another way; would he lose the rebate on that proportion of his trade?—No; he would lose it on all. He has to make a declaration that he has got all his imports by the Conference Lines, and he takes care that his shipper does not violate the arrangement if he considers the obtaining of the rebate is of sufficient value to warrant his adhering to it.

18267. You have succeeded there in what I understand has often been the aim of many people, namely, in tying the consignee?—Yes, we can tie the consignee.

18268. But I suppose you cannot do that in other trades, can you?—I do not know, but it might be done. The Newfoundland trade is a peculiar trade. They are large houses, and I do not think there is any question with them of consignments; they do not buy cost, freight, and insurance, or anything of that sort; they give their orders and direct how the goods will be shipped.

18269. (*Chairman.*) You say they give their orders from Newfoundland; who give the orders?—The Newfoundland importers give their instructions to the shippers.

18270. (*Professor Gonner.*) That is, they import direct for themselves on their own orders?—Yes.

18271. And therefore you are able, so to speak, to identify them, and arrange the rebate so that it is paid to them?—Yes. You see there are no complications for through cargo, or anything of that kind at St. John's; they are all local men, and they have to make a declaration of the goods they have imported.

18272. Do you know of any other trade where that has been the system which has been adopted?—I do not know of any other trade in which the consignees get the rebate.

18273. Except of course, by payments through the shippers?—Speaking for the Canadian trade, I think that practically in every case the shipper pays it to the consignees; they take jolly good care of that.

18274. I have no doubt of that; but you do not know of any other case in which the shipowner pays it to the consignee?—No; I do not know of any other case.

18275. As I understand, the freight is paid in full on this side, is it, and then this particular rebate is paid on the Newfoundland side?—No. As a matter of fact, practically all the freight in Newfoundland is paid by the consignees.

18276. That is peculiar to Newfoundland?—No, that is the rule in the Canadian trade. There is very little freight that is paid in this country to Canada.

18277. It is paid by the shipper, then, is it not?—No. In nearly all the cases it is paid by the consignee. It does not make any difference whether it is paid by the shipper or the consignee; but as a matter of fact nearly all the North Atlantic freights are paid by the consignees.

18278. In that way, of course, in this particular trade to Newfoundland you pay your rebate to the consignee?—Yes.

18279. It would be difficult, I imagine, would it not, to do that in a very large trade?—I do not know that there would be any special difficulty about it, because the man has to make a declaration and to give particulars of his shipments, and presuming that the man is honest—and we believe that most of the people that we deal with are honest—I do not know that there is any particular difficulty.

18280. I know that several shipowners have expressed the opinion that it would be an ideal if you could tie the consignee instead of merely tying the shipper; but they say it has been unattainable. I was wondering how you had been able to attain it in this particular respect. In the last paragraph of your statement, you say that you "consider that no case "has been made out to justify in any way an inter-"ference in the freedom of contract between ship-"owners and their clients, any more than between "land traders and their customers." That, of course, you have explained to a certain degree, if I may say so; but the contention, as I have understood it of the shippers, has been, that owing to the development of the Conference system, aided by the rebate system, they have very little freedom of contract?—I do not agree with that. I think they are free, subject, as I say, to the forfeiture of the very moderate amount of money which rebates represent, as a rule.

18281. How much do you think the entire rebates held in all the trades would represent, as a rule?—They would represent a large amount if you take all the trades. But a man is not going to be in the position of wanting to forfeit them all at one time. You must remember that, as a whole, shippers are not very largely engaged in more than one or two foreign trades.

18282. Your view is, that in relation to the whole of their dealings it is a comparatively small matter?—Yes; in other words, any man with a big amount of rebate money is doing an enormous amount of business.

18283. I gather, from your previous answers, that you consider, taking human institutions as reasonably perfect, the institution of the rebate system has, on the whole, been fairly perfect?—I think it is a very good system, and, so far as we are concerned, we have had practically no complaints about it.

18284. That it does not lead to any particular hardship, and that if there were any hardships the shippers have their own remedies?—Yes, I think so.

18285. It obviously led to hardship in the Bombay case, did it not, because the shippers are on very much better terms there now than they used to be?—Of course, it is difficult to say what that is due to altogether. You must remember there has been a great advance in the size of ships and the economy of ships, which must tell very much in a case like that of the Bombay trade.

18286. There was a very sudden change made, I would suggest, in the Bombay trade, and a very great reduction of freights?—Yes; but they are working under a rebate system, too.

18287. They are working under a contract system, are they not?—Yes, in regard to particular cargo; but that shows what I say, that if the shippers consider that there is a sufficient grievance, they are able to combine and get the remedy.

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18288. The point I was going to put to you was this —that it does show, does it not, that there is a liability in the Conferences to create a grievance which cannot be remedied save by combination among the shippers?—I do not know, of course, whether that could not have been done in some other way. It is quite a possible thing that they might have remedied it by going and representing their case to the Conference Lines. I expect the real reason was, that a lot of these parties wanted to have additional tonnage in the trade. I know we, ourselves, were invited, although we were not in the trade at all, by these Bombay importers to come in and offer for it.

18289. The effective result, though, has been that the rates in the Bombay trade are very much reduced?—As I say, I do not know sufficient of the trade to say whether that is the result of that action or of any other causes.

18290. They have made their contracts on a lower basis?—At times, but it does not follow that they might not have got these lower rates in the ordinary course.

18291. We did take evidence upon the point, and I am merely suggesting to you, for your consideration, in view of the general treatment that was given, that here was an instance where the Shipping Conference had imposed a rate which was capable of reduction and which was reduced?—It does not follow, of course, that they got the same service. Now that you refer to that point, I may recall another instance, which is the Calcutta trade.

18292. Homeward or outward?—It is in connection with the homeward rates. A Glasgow firm of tramp shipowners took a contract for the tea trade at very much lower rates than the Conference were able to do; they never carried out that contract to the end, and the shippers were very glad to come back to the Conference and get them to take it up.

18293. You are not in the Calcutta trade, of course?—No; but our Liverpool firm are agents.

18294. Do you mean that you act as agents?—We act as agents at Liverpool for the City Line, but I have nothing to do with it.

18295. The tea trade have, of course, a regular contract form now?—Yes.

18296. I was very much interested, if I may say so, in the point you brought forward that some form of Conference, or what I should call some form of monopoly, is inevitable and desirable in the transport trade; and that you consider that form, if not attained by a rebate system, would have to be secured by some other method, such as contracts?—I think it is really necessary if you are to have the class of service that the Lines give. I do not suggest for a moment that British shipowners cannot carry on the trade without a Conference or rebate; but I think the whole conditions would be so altered that it might result in a state of affairs very much worse, not only for the shipowners, but for the traders.

18297. I presume you are looking at it both from their point of view and from a general point of view?—From the point of view of the shippers there is nothing that they more cry out for than a regular service with fixed rates. I know that we ourselves, as pretty large shipowners, are, even from Continental ports, constantly being asked, "Will you not "start a service from this port to some other port "because there is a fair trade done here, and there "could be a very much larger trade done if we could "only give the shippers fixed sailings and fixed rates." There is that constant cry.

18298. Do you take the view that it is possible by some such organisation to economise in the cost of service and the cost of carriage, as, owing to the stability which is thereby established, there is a possibility of more economical carriage?—I think in all probability, in fact I am almost certain that it does result in more economical carrying than if a lot of traffic were diverted to outside boats.

18299. You do not mind my asking a question or two on that point, I hope? To what do you attribute the greater opportunity for economy; how does it arise?—As I explained in connection with our Newfoundland trade, we are under an obligation to the Government to send a steamer once a fortnight; that steamer must go irrespective of what kind of cargo she gets, and obviously if by any arrangement we can concentrate into these boats all the cargo that is going, we can afford to carry it at a lower rate than if by some means or another, say, half the cargo was diverted to another Line, because we would have in the main the same running expenses for carrying a full quantity that we would have for carrying the smaller quantity.

18300. There is one further question on that particular point: Do you think that the existence of Conferences has been associated to any extent with the growth in the size of ships—that they have been made more necessary because you have got larger ships, and it is more difficult to fill a large ship than a small ship?—Yes, I think that is the case, because the investment of capital in the boats that are necessary nowadays to carry on the large Lines is enormous.

18301. I am anxious to ascertain your opinion on this point also: Do you think that the Liners have increased more in size than the tramps have increased?—Yes, unquestionably they have. I do not know that all Liners have.

18302. No, but on the average; I am asking you generally?—I think on the average they probably have increased more than tramps, although tramps have increased very largely, too.

18303. In the Canadian trade I suppose there is very little pooling arrangement, or anything of that kind?—There is no pooling arrangement.

18304. You do adjust your sailings, I suppose, between the various members of the Conference?—No.

18305. You do not?—Everyone is free to have as many sailings as he pleases.

18306. I have always wondered whether that would not have achieved a further economy of sailings?—It has been a point——

18307. Which has occurred to you?—Which has been fulfilled in some Conferences, and logically I think it is a proper condition of a Conference that there should be a regulation of sailings—but we cannot get everything in this world.

18308. So you get as much as you can?—We are like our neighbours in that respect.

18309. (*Sir Hugh Bell.*) You mentioned, I think in reply to Mr. Maddison, that the Allan Line, your Line, could carry all the outward cargo that both Lines are carrying?—Yes.

18310. Is that also true of the homeward cargo?—No, not of the homeward. I mean, speaking generally; of course there are times when we could do it; at the present moment we could carry it all. Just yesterday we had a cable from the other side wanting us to withdraw some of our steamers because they could get no cargo for them.

18311. You would have, I suppose, no objection to making a contract with anybody who came to you and said, "I am going to ship such-and-such materials "during the next twelve months," or "I am going to "ship a thousand tons by every one of your ships for "the next twelve months"?—As a general rule, we are prepared to contract for the whole of the season.

18312. Supposing I offered you a thousand tons a month for twelve months, would you take it?—Yes, I think we should be very glad.

18313. So that I would not be affected by the changing of the rates?—That is so.

18314. (*Sir Alfred Bateman.*) I do not think you were asked about the blanket bills of lading that we have heard about?—I do know about the blanket bills of lading.

18315. But you have not been asked about them?—No, I have not been.

18316. Have you seen Mr. Grigg's report?—Yes, I have seen it.

18317. There was a complaint that you practically did not allow what they called blanket bills of lading, by which one agent had a number of different parcels consigned to him for distribution which would together have made full car-loads; can you explain why that is?—I do not understand that the regulation as to blanket bills of lading has really anything to do with the question of car-loads. This is the regulation in regard to blanket bills of lading: "Parcels and packages for different consignees "shipped on one bill of lading and consigned to an

"agent in Canada for distribution may be taken at "the following rates"; then it specifies the rates; "No individual consignment on a blanket bill of "lading need be charged more than the authorised "minimum charge as if shipped on a separate bill of "lading." That was really to get at the practice of forwarding agents collecting a number of small packages and evading the minimum bill of lading charge of the liners by combining them on one bill of lading. The car-load question is an entirely different question. The car-load is entirely a railway provision; they give a lower rate of carriage if a given quantity of any particular article is shipped at one time in one consignment on one bill of lading to one consignee, the weight of a car-load varying according to the class of goods from 20,000 lbs. to 40,000 lbs. The steamship has no interest in the question at all, because as a matter of fact we get the same ocean rate whether there be a car-load or less than a car-load quantity.

18318. According to this statement, the minimum being with certain exceptions 21*s.* for each bill of lading the new regulation increases the charge from, say, 15*s.* for 40 cubic feet to 32*s.* 6*d.*?—That is not correct.

18319. Then we should like to have your correction?—That last clause that I read covers that very point: "No individual consignee on a blanket bill of lading "need be charged more than the authorised minimum "charge as if shipped on a separate bill of lading."

18320. I suppose, if it is less than a ton, or if it is a small amount that would make the charge more?—There is a minimum charge provided for a bill of lading.

18321. (*Mr. Owen Philipps.*) Is not your minimum charge 21*s.*?—No; it is less than that, sometimes. It depends on the value of the goods; we have a minimum charge as low as 10*s.* 6*d.*

18322. (*Sir Alfred Bateman.*) I do not quite understand it now. Your statement is, that it does not increase this charge up to 32*s.* 6*d.* from 15*s.*?—No.

18323. But if you do not allow the parcels to be put together which are going to the same place, and so to make up a unit of charge, surely you do increase the charge?—But we do not increase the charge to an individual consignee beyond the minimum charge that he would have to pay if he took out a separate bill of lading. It is a very small matter altogether, as I do not suppose that from Glasgow in the course of the year we have 20 blanket bills of lading, altogether.

18324. Surely, in this country the carriers' agents' business was built up, was it not, by blanket bills of lading 60 or 70 years ago? They got the different consignees' goods together, and then got them carried by the waggon or by the railways at one charge. That was the way in which their business was built up, was it not?—The blanket bill of lading is not, as I understand it, to deal with that at all. A car-load must be a certain weight of one article to one consignee and from one shipper. Those are the terms of the railway condition. A car-load must be delivered to the railway company in one day from one shipper consigned to one consignee and destination, and there must only be one bill of lading for any such car-load shipment. Some of these regulations of the railway companies have been made to meet the abuses of some of the dispatch companies.

18325. Still, it does increase the charge to each particular consignee if he has got a small parcel coming?—It prevents him getting a lower rate than the Conference intended he should get; I will put it that way.

18326. It is the custom, is it not, at the present day for a stores, say, in Canada to get small consignments? Do they not want to avoid keeping large stocks, and to be able to get small consignments?—Really, the minimum charge is so small that it would not affect that.

18327. (*Mr. Barry.*) I had not the advantage of hearing the earlier part of your examination; there are only two questions I would like to put to you, and if they have been already put, of course, you need not answer. We have had serious complaints made by important Canadian shippers of the through rates charged to certain points in the United States, and I think two points, namely, Detroit and Chicago, were mentioned?—If I may interrupt, the question about taking lower rates for the United States than for the Canadian traffic has been fully discussed.

18328. Then, I will not trouble you any further on that point?—I am quite willing to answer any questions you may put.

18329. If it has been already discussed, it is no use putting the questions again. There is only one further point. You said just now that land traders had conditions much more drastic than the rebate system of shipowners?—Yes.

18330. And I think you gave as an instance the case of the Wallpaper Syndicate?—Yes.

18331. Is it not a fact that the Wallpaper Syndicate met with competition from French paper manufacturers and from German and Belgian paper manufacturers who supply a class of goods very similar, and in some cases identical with the goods supplied by the wallpaper manufacturers?—I believe it is so—precisely as the British shipowners have to meet with the competition of all the shipowners of the world.

18332. Exactly; but the man who is purchasing wallpapers outside of the Wallpaper Syndicate is not penalised to any extent beyond the loss of the supply, is he?—But the loss of the supply is a very important thing. He is penalised in two ways I understand; any portion that he does get from these manufacturers he would have to pay a higher price for; and, in the second place, they have the power, and I understand do not hesitate to exercise it, of refusing to supply him at all.

18333. Is it not a fair inference that if the purchaser of papers in this country transfers his business to a German or French manufacturer he has a substantial reason for doing so, in the fact, that he is either buying at a lower price or he is buying a better pattern—at any rate he has some substantial reason for transferring his business?—Very probably he wants to get a bigger profit out of the customer by supplying an inferior article.

18334. And in consequence of that act, the only penalty imposed upon him is that the wall-paper people will not supply him?—You say, "the only "penalty"; I say it is a very severe penalty.

18335. But it is a different penalty from that imposed by the shipowner who retains a rebate?—It is. It is a penalty that they have deemed suitable for preserving their trade from what they resent as an unfair attack, just as the shipowners selected the particular form that they consider is most suitable for their trade. I am not, mind you, putting myself in the position of condemning the Wall-paper Company.

18336. No, and I did not take it that way for a moment. What you said, and it rather impressed me, was, that you thought that the system carried out by the Wall-paper Syndicate was more drastic than the conditions imposed by the shipowners?—That is my opinion.

18337. I am asking you, now, whether you think, on further consideration of the question—let the mere transference of the custom involve what it may—that the purchaser would have to put up with a smaller selection and a smaller variety, and that there is no penalty beyond that imposed upon him?—I do not regard it as you seem to do as a light penalty. He may in all probability have a good many British customers, who will not have anything but British wall papers, which practically means the papers manufactured by this Wall-paper Company; and the exercise of that penalty may wipe out his trade in that section entirely.

18338. I am sorry to trouble you so much on this point. If the purchaser of wall papers in this country, in the exercise of his own judgment and discretion, chooses to transfer his trade outside of the Wall-paper Syndicate, he is subjected to no penalty beyond the withdrawal of the supply of the Wall-paper Syndicate's goods, is he?—In the same way, if the shipper by the Conference Lines chooses to withdraw his support from the Conference Lines he has no penalty except the forfeiture of the extra discount; in other words he would have to pay higher rates than the Wall-paper Company would have asked if their supplies has been continued—with this difference that

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the shipowner does not say, "I will not continue to "supply you," whereas the wall-paper man says, "I "have the option, and I am free to exercise it, and I "decline to continue the supply."

18339. And also with this difference—that the shipowner inflicts a penalty—that is, he imposes a fine upon a sum of money which has actually accrued?—No, I do not admit that at all. It is neither a penalty, nor a fine, nor a sum of money that has accrued.

18340. Is it not the fact that twelve months' rebates have accrued?—No, they have not accrued until the conditions are fulfilled. It is our money, and we voluntarily give back a certain proportion of it to buy a certain thing, namely, the exclusive support of the shipper.

18341. For twelve months he is able to carry out that condition and to give you his exclusive support, but at the end of that time he ships by an outside route, and then he forfeits the amount?—No.

(*Chairman.*) It appears to me that these are arguments that we shall have to consider when we are preparing, or trying to prepare, our report. I do not think we gain much by cross-examining a witness as to these questions.

(*Witness.*) I have got any amount of cases of land traders.

(*Chairman.*) I may say with regard to the wall-paper manufacturers that about three years ago I think the question was raised whether their agreement was not void as against public policy. It was a difficult question. I remember two counsel, who are now judges, and myself advised upon that question.

(*Mr. Barry.*) The only reason I was troubling Colonel Smith Park with this question was this: I did not want it to go forth possibly that any land-trading concern was imposing more drastic conditions upon their customers than the shipowners under the rebate system were imposing upon theirs; but I submit to your ruling now that the question would perhaps be more properly discussed at another time.

(*Witness.*) I would just like to say, seeing that Canada has been so much in evidence with this Commission that I have a letter from an important shipper to Canada, in which the following is stated: "In Canada the wholesale grocers are prohibited by "agreement from buying sugar outside of Canadian "refiners." That is what Canada allows within her own borders.

(*Chairman.*) Are you willing to say anything about the River Plate trade, or would you rather not?

(*Witness.*) I am at the disposal of the Commission. I have simply suggested it in my *précis*, but possibly you might prefer to take it from the Chairman of the River Plate Conference, who, I understand, is going to give evidence here.

(*Chairman.*) If that is so, had we better examine you on that question, or reserve it?

(*Witness.*) You would be perhaps to a certain extent duplicating your evidence, but I am at your disposal. We are members of the River Plate Conference.

(*Chairman.*) I do not think there is any advantage in duplicating the evidence, do you?

(*Witness.*) That is what I thought myself.

(*Chairman.*) I think we ought not to trouble you with that. We are very much obliged to you for the evidence you have given.

THIRTIETH DAY.

Tuesday, March 31st, 1908.

PRESENT:

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

Sir HUGH BELL, Bart.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
Mr. H. BIRCHENOUGH, C.M.G.
Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. W. H. MITCHELL.
Mr. OWEN PHILIPPS, M.P.
Mr. OSWALD SANDERSON.

Mr. J. A. WEBSTER, *Secretary.*

Mr. HAROLD A. SANDERSON, called and examined.

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18342. (*Chairman.*) You are a partner in the firm of Messrs. Ismay, Imrie & Co., and General Manager of the White Star Line?—Yes.

18343. You have been good enough to prepare a statement of the heads of evidence that you propose to give, which we shall keep amongst our records, if you will hand it in?—Yes.

(*The witness handed in the following statement.*)

1. The system of deferred rebates has existed in the Australian trade for the last 17 years and, as far as we are aware, to the satisfaction of shippers generally.

The deferred rebate is payable as relates to shipments during the first six months of the year on the following 1st January, and for shipments during the second six months of the year on the following 1st July.

Claims for the rebates due are made by shippers on the attached form.

2. The White Star Line loads steamers and sailing vessels from Liverpool to Australia in conjunction with other loading brokers in the trade, the Liverpool Association being affiliated to the Australian Associated Owners and Brokers Organization in London, rates of freight being fixed by agreement between the two Associations from the respective ports.

Any representations made by shippers from time to time as to the desirability of a reduction in these rates receive the most careful consideration, and have in numerous instances been complied with.

3. In view of the large size of the steamers owned by the White Star Line it is apparent that it could not be to its advantage to oppose reasonable reductions seeing that the general effect of such is to stimulate traffic and that it has abundant space in its vessels to provide for any increase.

4. There are three lines of steamers engaged in the direct trade from New York to Australia, viz:—

The American and Australian Steamship Line, operating with steamers owned or controlled by Messrs. Bucknall Bros, The Federal Steam Navigation Co., Ltd. and Houlder Bros. & Co., Ltd., all of London, the agents in New York being Messrs. Norton & Son.

The United Tyser Line in alliance with Hansa and German Australian Lines, operating with steamers owned or controlled by Messrs. Tyser & Co., Ltd., of London, and the said Hansa and German Australian Lines, the agents in New York being Messrs. Funch, Edye & Co.

The United States and Australasia Steam Ship Co., under American management; this Company owns no vessels of any kind, simply chartering to fill its requirements.

5. There being no binding agreement between these Lines, the rates of freight fluctuate according to the quantity of cargo offering. A strong effort was made some time since to regulate the whole trade, but this proved abortive, and subsequently a tentative agreement on rates for non-contract goods was arrived at, which is still supposed to be observed. To instance the fluctations referred to, however, the list rate on Agricultural Machinery was 30*s.* to Adelaide and 27*s.* 6*d.* to Melbourne and Sydney, but two large contractors coming into the market at the end of last year succeeded in making contracts for the present year at 12*s.* 6*d.* and 14*s.*, the previous contract rate being 22*s.* 6*d.* to Adelaide and 20*s.* to Melbourne and Sydney.

6. The White Star Line is engaged in the carriage of Australian cargo from New York with its services viâ Liverpool and it is obvious that the through rates it can obtain must be governed by the rates ruling from time to time by the direct steamers. Further, in view of the delay involved by transhipment at Liverpool it is in many

less than the rates by such direct steamers.

7. The New York office of the White Star Line is instructed not to initiate reductions but to follow all fluctuations in rates.

18344. (*Chairman.*) I shall have to ask you some questions on that document. You say, "The system "of deferred rebates has existed in the Australian "trade for the last 17 years, and, as far as we are "aware, to the satisfaction of shippers, generally"? —That is so.

18345. Has any circular been issued in connection with the rebate system?—At the time it was inaugurated, do you mean?

18346. Yes, take it then?—I am afraid I could not answer that question.

18347. Is there any circular now in existence showing what the terms of the rebate system are?—I presume the form (which, I think, the Commission has before it), which the shippers fill up, practically describes the terms.

18348. I looked at it and I thought not?—I have a form here which I will put in, if I may? (*Handing in same. See* Appendix XXIX. (D).) I do not think outsiders have any circular.

18349. This is a claim sent in by the shippers?—That is so.

18350. It does not mention the terms of the rebate, does it?—Perhaps, if you would let me know the point which you would like to have cleared up, I can do it.

18351. What are the terms of the rebate system in the Australian trade?—The understanding is, that the shipper confines himself to the Conference Lines and does not ship outside the Conference Lines; and in consideration of his adhering and being loyal to the Conference Lines, he receives this return rebate, which is held back six months in arrears.

18352. What is the amount of rebate?—Ten per cent. on the freight.

18353. That is held back for six months, you say?—Yes. I will put it this way—if there is a rebate due on the 31st December, it would be paid on the following 1st July.

18354. And that is all?—That is all I know anything of; that is all the rebate that is paid as deferred rebate. There is another rebate, of 5 per cent., which is due when the goods are shipped.

18355. Just let me clear this up: There is, I suppose, the freight mentioned in the bill of lading, is there not?—Yes, with 10 per cent. primage added to it.

18356. The rebate is 10 per cent. of the freight mentioned in the bill of lading?—That is so.

18357. What is the 5 per cent.?—There is also a rebate of 5 per cent. which is paid forthwith. It is due when the cargo goes forward, and is in no sense a loyalty rebate. It is a relic of the old days when the business was done entirely by sailing ships. Probably, at that time, it was given with the idea of giving a commission to the shipper; and it has been continued but there is really no reason for it, except that it is an old custom that has been continued.

18358. Is the 10 per cent., 10 per cent. upon the freight, less the 5 per cent.?—The 10 per cent. is on the full freight, and the 5 per cent. is half of the 10 per cent. primage.

18359. (*Sir Hugh Bell.*) I will assume a figure. Say that the freight is £100, the primage on that is 10 per cent., that is £110; on paying that, what am I to get? —You get £5 back forthwith.

18360. Then, I do not get 5 per cent. on my payment, but 5 per cent. on the freight?—Yes.

18361. So I get £5 back?—Yes.

18362. Therefore, I have paid £105?—Yes.

18363. At the end of six months, if I am what you are pleased to call loyal, I get £10 more?—You get £10 further.

18364. And the net money that has gone into your pocket is £95?—That is right.

18365. It does not matter to you what I do with the 5 per cent.—I may keep it to myself, or I may give it to somebody else?—There is no condition attaching to it at all.

18366. (*Chairman.*) There is no reason why, so far as I can see, that 5 per cent. should be retained, as far as the shipowner is concerned?—It is an old custom that has been continued.

18367. The claims for rebate due, I understand, are made by the shippers on the form you have been good enough to put in?—That is so.

18368. In your *précis* you say "The White Star Line "loads steamers and sailing vessels from Liverpool to "Australia in conjunction with other loading brokers "in the trade, the Liverpool Association being "affiliated to the Australian Associated Owners' and "Brokers' Organisation in London, rates of freight "being fixed by agreement between the two Associa- "tions from the respective ports." Are there two Associations the Liverpool Association and the London Association?—That is so. The Liverpool one might be looked upon as a subsidiary branch of the London one.

18369. They are an association of brokers?—And owners.

18370. Owners of what?—Of steamers.

18371. Are they an incorporated association?—No; I should say they are not an incorporated association.

18372. What is their object and purpose?—The object, I should say, was to bring about a mutual understanding between those in the trade, with a view to maintaining rates, avoiding unnecessary competition, supplying the trade to the best advantage, avoiding clashing in sailings, and otherwise working the trade advantageously for all concerned.

18373. Does the Conference form part of the Association?—It is one and the same thing.

18374. So the Association consists of what I may call the Conference, and the persons representing the shippers and the merchants?—No; there are no shippers or merchants in this Association at all. It is purely an arrangement between the steamship owners and shipping brokers for working the trade from the shipowner's point of view.

18375. The Association then does not comprise any merchants?—That is so.

18376. Do the merchants meet you sometimes, or you meet the merchants, in order to discuss questions which have to be considered?—Those meetings, when they do occur, occur usually in London. It is not often we have formal meetings in Liverpool.

18377. But there are meetings in London?—I believe so. Of course, we are all in constant touch with the shippers, and there is ample opportunity for them to express their wishes.

18378. How is the trade carried on from the Continent to Australia?—So far as Liverpool is concerned, I can give you no information about the Continent, because we bring no cargo from the Continent except from the Mediterranean. There is certain traffic from the Mediterranean, chiefly consisting of seed, which we bring to Liverpool by an arrangement with vessels running to Liverpool; but so far as Continental cargo is concerned, that is to say, the cargo which British merchants might be interested in, we bring none.

18379. Do you carry it from the Mediterranean to Liverpool and then from Liverpool to Australia?—That is so.

18380. But your own ships do not carry from the Mediterranean to Liverpool, do they?—No.

18381. What ships do?—We work with friends who are in the trade, like the Ellerman Line and Moss's.

18382. Have you through bills of lading?—We give through bills of lading.

18383. Is there any agreement between the German Lines and your Conference? Do any German Lines load in any port of the United Kingdom?—No.

18384. Do any English liners load in Continental ports?—I think not.

18385. Have you any agreement?—There was an agreement which expired some years ago, but for all practical purposes, we abstain from unnecessary interference with each other's trade.

18386. There is no definite agreement now?—None.

18387. Does the deferred rebate system prevail in the trade from the United States to Australia?—Not

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so far as any traffic is concerned in which we are interested.

18388. Where you give through bills of lading, are the rates sometimes lower than the rates on British goods shipped direct from London? I put that to you because it has been put to other witnesses?—I suppose you are speaking of American cargo?

18389. Yes?—It sometimes happens that the rates are lower, indeed, it frequently happens.

18390. In the case of Germany, I have got this statement before me: "From London to Sydney, mail "steamers, fine goods, freight, 60*s.*; from Hamburg "to Sydney, by the German Lloyd and German Aus- "tralian, freight, 45*s.*" So that the freight from Hamburg to Sydney seems to be considerably less than the freight from London to Sydney?—There are a great many steamers going from United Kingdom ports which would take the 45*s.* rate. That 60*s.* rate is restricted to the P. & O. and the Orient, I think, and even they are not tied strictly to that rate. The other Lines would be taking the 45*s.* rate.

18391. Are those mail steamers?—They are not mail steamers in the sense that the P. & O. boats are mail steamers. They will give as good a delivery in Australia as the German steamer, that is called a mail steamer, will.

18392. I find it is only the P. & O. and the Orient who charge the 60*s.* rate, so you are right. Why do they charge more than the others?—I presume because of their greater speed, and the capacity of their ships being much smaller. They have a certain advantage in regard to their speed, and they find they can get those rates, it is a question of demand and supply. I assume the shipper would not give them the 60*s.* rate if they did not think it was to their advantage to do so.

18393. Later on in your *précis* you say, "The White "Star Line is engaged in the carriage of Australian "cargo from New York with its services viâ Liverpool, "and it is obvious that the through rates it can obtain "must be governed by the rates ruling from time to "time by the direct steamers. Further, in view of the "delay involved by transhipment at Liverpool, it is in "many instances only able to obtain cargo by accept- "ing 2*s.* 6*d.* less than the rates by such direct "steamers"?—That is the case.

18394. I want to ask you one or two questions, now, about the rebate system. The evidence we have obtained leaves some doubt upon certain points. Are shippers allowed to charter if they load the ship with their own goods only?—Strictly speaking, it would be against the understanding; in instances, however, it has been overlooked. But I feel that a shipper ought not to charter in that manner any more than a ship-owner should ship his own cargo in competition with the shipper.

18395. The shipowners belonging to your Confer- ence do not ship any cargo on ship's account, do they? —Not so far as I know.

18396. I mean, so far as you know. I want to com- pare the rebate system, as you use it, with that which prevails in the South African trade. Do shipping agents forfeit rebates on shipments by Conference Lines to loyal consignees when they happen to ship goods for a disloyal consignee by an outside vessel?— Strictly speaking, they would forfeit them, but in practice they do not do so. It is only necessary for a single representation to be made, and that is taken into consideration, and the rebate, if the story is a good straightforward one, is not withheld. That is the experience which we have in Liverpool, and I presume it applies to London also; but I cannot speak for London.

18397. In the declaration which is required from shippers, there is this statement: "We declare that "neither we nor those for whom we have acted, have "as yet returned or allowed any portion, in any shape "or form either directly or indirectly, of the rebates "claimed under this declaration." What is that pointed at?—That is meant to safeguard the position against a forwarding agent advancing the rebate to his shipper, therefore defeating the object of the agree- ment. He might give the shipper, at the time the shipper sent his goods forward, the rebate which was not due until the six months were up, running the risk of it being collected himself.

18398. (*Captain Collins.*) That does not refer to the primage, does it?—It has nothing to do with the primage; it is the 10 per cent. which is deferred.

18399. (*Chairman.*) We have had evidence from the Importers' Association of Victoria, and they state that in addition to the deferred rebate of 10 per cent. "there is a special rebate of 5 per cent. allowed on "the amount of freight paid on account of the Austra- "lian buyer, but to this 'special rebate' stringent "conditions are laid down." Do you know anything about that 5 per cent.?—I know nothing of it, and I have never heard of it.

18400. You have never heard of it?—I know nothing of any 5 per cent. beyond the 5 per cent. that I have already explained is returned promptly.

18401. I will just read to you what they say: "There is a special rebate of 5 per cent. allowed on "the amount of freight paid on account of the Austra- "lian buyer, but to this special rebate, stringent "conditions are laid down; (1) that the Commission "House will confine all its shipments to the Ring "vessels"—that is the original condition, is it not?— Yes.

18402. "(2) that no portion of this amount will be "credited or paid to the Australian buyer under any "circumstances"—that also is embodied in this declaration?—Yes.

18403. "(3) that one-half of this amount (2½ per "cent.) is returned to the Commission House imme- "diately on the payment of the freight; the other "half is credited to the account of the Commission "House, which account is made up and paid every "six months." Have you heard anything about that? —I know nothing whatever about it, and I have never heard of it. As far as we are concerned, that state of things does not exist at all.

18404. They lay very great stress upon this 2½ per cent., but you know nothing about it at all?—Nothing; it is all news to me. I have asked Mr. Macpherson, who has been in the Australian trade for 30 years, and he has been unable to enlighten me. He is my assistant here.

18405. He knows nothing of it?—Nothing at all.

(*Captain Collins.*) I am accustomed to pay freight charges, and always upon the freight bills from the shipping brokers this 5 per cent. is deducted, and 2½ per cent. is retained—and I do not get this 2½ per cent. It is paid somewhere.

(*Chairman.*) Then your experience does not confirm this statement?

(*Captain Collins.*) It confirms it to this extent, that the 2½ per cent. does not come to the person who ships the goods. It may go to the broker, but it does not come to me, or, rather, it does not come to the Govern- ment, which is my case.

18406. (*Chairman.*) At any rate, the shipowners have nothing to do with this?—I am only speaking for the White Star Line. If it exists elsewhere, I know nothing of it.

18407. Who is required to make the declaration claiming the rebate? Is that made, generally, by the merchant or the shipper?—It may be the forwarding agent or it may be the actual shipper—it is according to who makes the transaction with the shipowner.

18408. The forwarding agent can make it?—Yes, if the goods are engaged in his name.

18409. I want to direct your attention to an answer which was given by Mr. Tredwen. You know Mr. Tredwen, I suppose?—I have that pleasure.

18410. At Questions 2793-6, he said that the through rates by the White Star Line on goods carried viâ Liverpool were some time ago, for a considerable period, about 30 per cent. lower than the rates on English goods sent by the same boat from Liverpool; do you remember that?—I think it is quite likely they were.

18411. That would tend, would it not, to divert trade from England?—In so far as the goods were identical, I presume it might.

18412. I mean, so far as they were identical. Does that diversity between the rate of freight from England and the rate of freight from the United States still exist?—I think it exists in some instances, but it has largely disappeared.

18413. How do you account for the freights being lower from the United States?—Because there have been for years three separate and distinct interests in New York, all engaged in the direct service from New York to the Australian Colonies. They have been fighting with each other, unable to come to any agreement as to rates; and, obviously, in engaging cargo in that same market, we have to take the rates which rule there.

18414. What Lines are those that ship from the United States? Are they foreign Lines?—They are largely English Lines. The only foreign Lines that are running there at present is a German company, and a so-called American interest which does not own any ships at all, but which merely charters and puts them on the berth.

18415. Do those English lines which ship at these low rates of freight from the United States belong to the Conference Lines?—I think the owners of them are in the Conference on this side, but they are not loaded under the Conference auspices there. If the owners are not in the Conference they are associated in a way that practically brings them within it.

18416. Mr. Tredwen expressed a very strong opinion that a combination of merchants was of great use in the management of the rebate system and freights, generally, and he thought that he had succeeded in obtaining favourable terms by negotiation with shipowners. There have been from time to time, have there not, negotiations between the shipowners and the merchants?—Yes, there have.

18417. Which have led, would you say, to satisfactory results?—I hope so, to the shippers. I am not aware that they have any grievance to-day against the Association.

18418. Is there any rebate system in the homeward trade from Australia?—I think it would be absolutely impossible for anyone to say what the system is in the homeward trade. It is covered with confusion. It is a little better than it was a few years ago; but there are all kinds of rebates and returns in connection with the homeward business, so that it passes the mind of man to say what they are doing.

18419. Then you cannot express any definite opinion whether the system of deferred rebates prevails in the homeward trade?—I think I can say there is no system of deferred rebates, but that there are rebates of all sorts and descriptions. I do not think the state of affairs is as bad as it was, but, still, it is pretty bad.

18420. Mr. Tredwen states that since the introduction of the rebate system, the shipowners have charged the same rates to all merchants, small and large alike; does your experience confirm that?—So far as we are concerned that is correct.

18421. Do you know what Mr. Tredwen means when he says, "This, of course, does not apply to contract "quantities"?—Occasionally large blocks of cargo come into the market extending over a period, and then arrangements are made which sometimes are below the tariff rate; but it is done openly and there is no secret about it.

18422. Do you know anything about the Importers' Association of Victoria?—I have heard of them, but I cannot say that I have the pleasure of knowing anything about them. I have had no negotiations with them.

18423. Mr. Tredwen takes an active part, as you know, in the affairs of the Merchants' Association. There is an Australian Merchants' Association which came into existence in 1902; and I dare say you know of that?—Yes, I do.

18424. Mr. Tredwen says that one of the chief objects of the Association was to obtain an agreement with the Conference Lines setting out in writing those obligations on both parties which were now only an understanding. He also says that in his opinion the shipowner should consult the merchants before raising rates, and that his Association was in negotiation with the Conference Lines about these and other matters. Are negotiations now going on, do you know?—I presume they are, as Mr. Tredwen says so; but those negotiations would take place through the London Association, and so far as we in Liverpool are concerned, I do not think we know anything about them.

18425. Is there any gentleman who would give evidence concerning the London transactions?—So far as I am concerned, I am only speaking for Liverpool, and I presume it would be necessary for the Commission to ask some London member, if they wish to hear from the London members.

18426. I suppose there would be no difficulty at all about that?—I cannot say that. I do not know what their views may be.

18427. It has been urged before us that under the deferred rebate system the shipper can never get rid of the obligation to ship by vessels belonging to the Conference except by forfeiting the rebate, and that he is always bound by this burden or obligation. Some witnesses of great experience, like Mr. Douglas Owen, thought that a very inequitable agreement. Mr. Douglas Owen thought it inequitable and unjust that the arrangements should be so framed that the merchants should never get rid of these fetters or burdens without forfeiting the rebates. Have you any suggestion to make on that head?—No, I do not think I have. It does not seem to me that it should be regarded by any shipper as an unreasonable burden. As long as he wants to conduct his business in a reasonable way, and not take, what I may call, an unfair advantage of the position, there is no burden upon him. He gets a substantial *quid pro quo* for this arrangement; he gets regularity of sailings, and he gets stability of rates. If there is any grievance amongst, what you might call, the conservative shippers who have a large stake in the trade, I do not know of it, and I have never heard of it.

18428. I am not expressing, I assure you, any opinion myself; but I wish to point out to you that the shipowners have not bound themselves to perform any obligation, they are not bound to procure regular sailings, and they are not bound to secure steady freights—I mean, there is no compact, really, between the shipowners and the merchants, is there?—No. It is more a question of an honourable understanding which is being carried out, so far as I am aware.

18429. Have you heard or been informed that there is any strong wish amongst the Australian merchants that the Conference Lines should be bound by some compact or agreement?—It has not come to my knowledge.

18430. (*Sir Alfred Bateman.*) Is there any published or printed classification of the rates that you charge on goods going from this country to Australia?—There is.

18431. Is that available to everybody?—We have no objection to giving it to the Commission, if you would like to have it.

18432. Can any merchant see it?—Copies are not regularly distributed, but they are printed and agreed.

18433. Agreed with whom?—Amongst the shipowners.

18434. Are not the merchants consulted?—I cannot say that they are consulted every time an alteration is made; but it naturally follows that their views would come before us, because the alteration would immediately bring them forth.

18435. Do you give any notices of the changes which are made?—I cannot say that there is any rule on that point. As a matter of practice, I think that the shippers have been usually consulted before any important alteration has been made, of late years, anyway. I think I may say, in that connection, that as the tendency of rates for a good many years past has been usually downwards, except when there has been a disturbance of a temporary character, the alterations when they have been made have not, I take it, been objectionable in any way.

18436. I suppose the fluctuations have chiefly been in the rates from the United States to Australia?—They have been much greater from there than from here.

18437. I want to ask you a question or two about those rates. I have no doubt you know the returns, to a great extent in a general way, of the trade between this country and Australia, and the trade between the United States and Australia?—I cannot say that I have the figures in my mind.

18438. You mentioned, I think, that 17 years was about the period in which you had had deferred

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rebates?—I think they commenced in 1892; so, perhaps, 17 years may be a little too much.

18439. From the official statistics you will see that for the five years before 1891 the imports into the Australian Commonwealth from the United States were only 8 per cent. of what they were from this country; while in the last quinquennium they have run up to 25 per cent.?—I think that is very probable, but I think it would be stretching the argument to say it has anything to do with the deferred rebate.

18440. That is what I wanted to ask you—whether you think that the rates, which, I suppose, have, on the whole, been lower during most of that period from the United States than from England——?—I think the rates have been lower.

18441. What I want to know is, whether you think the deferred rebate had a great deal to do with that?—It may have had somewhat to do with it; but I think that state of affairs would apply to any trade from the United States within the last 20 years. In my experience of the United States trade for over 30 years, I can remember the time when manufactured goods were not exported at all from the United States. That has been a gradually growing trade. In the old days it was nothing but grain and, perhaps, a rough cargo; now the cargoes are very largely composed of manufactured goods.

18442. That is, goods which compete with those from this country?—In some cases no doubt they are competing.

18443. The same thing has happened from Germany. In the first quinquennium only 4 per cent. of the amount sent from the United Kingdom went from Germany, and in the last quinquennium 12 per cent. went from Germany?—I think that may be quite likely.

18444. Has that been helped by lower rates from the Continent?—Not so far as I know. I am not familiar with any lower rates from the Continent. I am not aware that there is any practice of substantially lower rates ruling from the Continent to Australia than there are from Great Britain to Australia.

18445. You are not in conference with the Continental Lines, are you?—No.

18446. If you knew of a lower rate from the Continent on competing goods, what would you do?—As a matter of fact, we are not competing on the Continent for traffic from there; so far as the White Star Line is concerned, we take none.

18447. You would take none, but supposing, in fact, that on a particular Line there was a large export springing up from Germany to Australia, helped by a lower rate from Germany, would you lower your own rate from here?—I should not like to walk over any bridges until I come to them. At the present time our object is not to bring about unnecessary friction with the Continental Lines.

18448. Then, you would rather shut your eyes to such a thing, would you?—Unless it became so big that I could not help looking at it.

18449. But your attention might be drawn to it by shippers of competing goods here?—In that case, I think the matter would be taken into consideration by the Conference here, and the question whether the rates could not be lowered would be considered.

18450. You admit that these lower rates from the States and from the Continent may have helped to increase the exports from the States and from the Continent, respectively, to Australia?—I think they may have been one of the factors; but I do not think they have by any means been the principal factor.

18451. Do you know what the rates from the Continent have been? Do you know whether they have been lower?—I do not know that they have been substantially lower.

18452. Your object is to live at peace with the Continental Conference, so that you would not interfere until you were obliged?—Unless, as you put it to me just now, the matter got so very attractive that we could not help looking at it, or the shippers represented to us that they were being injured. Then, I say, the matter would be considered here.

18453. (*Sir Hugh Bell.*) Did I rightly understand you to convey to Sir Alfred Bateman that, as far as your knowledge goes, the rates from the Continent are not lower?—We believe, generally speaking, they are much the same.

18454. And that is not a mere pious opinion, but you have grounds for the belief?—Yes, I think so.

18455. Whereas the rates from New York are lower?—At times they have been.

18456. I am not quite sure whether I clearly understand how goods go from New York to Australia?—By direct steamers.

18457. Can you tell me anything about the distance—comparing the distance from Liverpool to an Australian port, and from New York to the same Australian port?—I have not the figures in my mind, but I should say that it was considerably longer from New York.

18458. How do they go?—I think they mostly go by the Cape, but I am not sure.

18459. Do you think the difference in distance is considerable?—I should say it was; but that is a matter of calculation. I have not got it in my mind at all.

18460. It was very noticeable that in your evidence-in-chief the word "understanding" recurred very frequently—there are "understandings" between the parties. You will remember that Sir James Graham described an understanding as being something which was usually a misunderstanding; is that at all the case in your business?—If you would not mind particularising, I should like you to do so. I do not quite know in what connection I used the word.

18461. Here are very explicit and binding conditions, which, however, are not embodied in any explicit document, but are the subject of an understanding?—You are speaking now of the obligations of the shipowners, on their side, towards the shippers, are you?

18462. I am speaking of the arrangements which exist between you and the shippers. They are not in a binding document?—No.

18463. They are an understanding?—Yes.

18464. Do you find any disadvantage arising from that?—I think, between people who wish to work together in a business-like, sensible manner, an understanding is about as good a thing as you can have when it is interpreted in a reasonable manner. I have worked all my life upon understandings. I do not attach a great deal of importance to these binding agreements. Sometimes the moment they are made people try to see how they can take advantage of them and get round them. I would much rather work with a man who wants to work loyally with me on a good understanding than I would have a binding agreement with him.

18465. Do you consider that this arrangement should not be embodied in any binding form on which, for example, the parties on one side or the other can sue?—I have no objection to having it put into a binding form if it is the wish of the shippers that it should be done so; but I do not know that they will gain anything by it.

18466. It was put to you by, I think, the Chairman, that there were no reciprocal covenants on your part?—He pointed that out.

18467. You do not guarantee regularity of shipments, which has been given to us over and over again as one of the grounds justifying the existence of a rebate?—That guarantee, if it were given, could only be a conditional one. Obviously, it would not be possible to expect any shipowner to guarantee to run steamers at certain intervals, irrespective of the trade. Any guarantee would have to be conditional upon there being a reasonable amount of trade for him to carry.

18468. I do not say there is not a reason for there being no reciprocal engagement—I am only emphasing the fact; but, of course, it is perfectly true that there is no reciprocal engagement; I understand you to agree in that view, and to say that you do not see how any such reciprocal engagement could be entered into?—It would, again, have to be a conditional agreement.

18469. So that what on the other side of the Atlantic is called a gentleman's agreement is, in your opinion, the only sort of agreement which shipowners can tender?—I will not go so far as to say it is the only one, but I think it should be a satisfactory one.

18470. A frequently reiterated complaint here has been that the arrangements which exist between the shippers and the shipowners impose a very serious burden upon the shippers for no corresponding burden upon the shipowners; your admit that, I think?—No, I do not. I think that is a very distorted view to take of it.

18471. A shipper has shipped, during a particular period, six months, a very large quantity by your Lines, and is, therefore, entitled to a very large sum in rebates; some circumstances arise during the next ensuing six month which render it impossible or very difficult for him to continue shipping by you, and he is then called upon to make a forfeit of the very large amounts which have accumulated to his credit; that is a serious obligation upon him, is it not?—That means, that if some filibustering company, if I may use the expression, comes into the trade and puts on steamers against us, the shipper wants to be temporarily released of his obligations to us in order that he can take advantage of the low rates offered by an outsider. I do not myself think that that is a reasonable thing for him to ask, nor do I think it a grievance that he should be held to his obligations to the regular Lines.

18472. I am not defending him; I am only trying to state his case, and to ask you for your answer to it?—I think I have answered it, from my point of view, correctly. I do not admit that it is a burden.

18473. You must admit that it is a burden on him?—No, I do not.

18474. You may say that it is a burden under which he ought to come, but you must admit that it is a burden on him?—The term "burden," perhaps, I might suggest, is rather a misleading one. It implies that there is something unfair about it, and I do not admit there is anything unfair.

18475. I will say "obligation"?—I am willing to agree to "obligation."

18476. One is a Saxon word and the other a Latin word; and I do not think there is much difference between them. What I really want to put to you is this: Would you accept this as a statement, from your point of view, of the complaint of the shipper—that he objects to the deferred rebate precisely because it is efficacious, that, is, so far as he objects to the deferred rebate he objects to it because it gives effect to that to which you desire to give effect?—You are using the term shipper in a comprehensive sense?

18477. Yes, I am?—I am not prepared to admit from the knowledge that I have before me that the shipper in a comprehensive sense does object. We have a great many shippers by our Line, and I am not aware that any number of them objects; in fact, I cannot recall any instance where a shipper has represented to us that it was an unfair obligation to come under.

18478. How glad we should be if that were so, for we should have been able to dispense with, I should think, 90 per cent. of the witnesses who have appeared before us?—I am only speaking of our own experience. I have consulted Mr. Macpherson, who is the gentleman who comes more particularly in contact with the shippers in connection with our service, and he confirms me in what I say.

18479. Do you think that is because what cannot be cured must be endured?—I should doubt it very much. I should think that the shippers are a body of gentlemen so enlightened and well-informed that if they were suffering under any injustice, they would very soon make themselves heard.

18480. May I add another adjective, and say they are so chivalrous?—I would not put it so highly.

18481. What I really want to get from you, whose evidence I think so excellent, is this: Persons who have come here to make complaint, have said, "This "is an intolerable burden; we are compelled to "mortgage our future; we are brought under obliga- "tions from which it is impossible in the conduct of "our trade to escape; and we are here to complain "of that." That has been said to us over and over again. Do you interpret that as meaning more than that this method of retaining their custom to your Line of ships has proved efficacious?—It would seem to be a fair interpretation to put upon the arguments of those who have raised the complaint; but I am not aware who they are.

18482. I think if you take the trouble to read the very voluminous evidence we have had before us, you will have no difficulty in discovering who they are. You would, I suppose, go further, and say that any relaxation of this burden of which they complain. would be defeating the object for which you have instituted the deferred rebate?—It would.

18483. In your opinion the deferred rebate is not a drawback to the shipper, and is not a burden to the shipper?—I do not think it is.

18484. It is not a disadvantage to him?—No, I do not think it is.

18485. In other words, is it an advantage?—I think he would not get the service that he gets now without something that would protect the shipowner.

18486. Further, in your opinion, to go back to the point from which I started, you do not see your way to embody this arrangement between you and your customers in any more binding, explicit, and clear statement than at present exists?—I do not say that it could not be done, but I say there would be difficulties about it. Any agreement which would bind the shipowner to continue a service under all conditions would be impossible; therefore, it would have to be a conditional agreement, which, again, becomes an understanding. We get round in a circle, I think.

18487. In fact, you answer my rather involved question in the negative—you do not see your way to embody it?—I think it would be very difficult to do so.

18488. (*Captain Collins.*) Is there established, do you know, at Liverpool, a central office whose business it is to deal with rebates?—Yes, there is an office there which is the office of one of the parties to the agreement. It is a central office, if I may so describe it.

18489. Could you in any way give the Commission what are its functions?—I think it is merely an office through which the parties, as a matter of convenience, communicate, and to which the returns are periodically given of the carryings of the different companies.

18490. Why should you have such a body in Liverpool; there is not a similar body in London, is there?—A similar office, do you mean?

18491. Yes?—I should rather think there was. There is one office which is more particularly identified with the business of the Association.

18492. Does that office deal entirely with rebates?—In the past it has been so, but I believe there is an alteration under consideration as to whether each shipowner will not deal with his own rebates. I think that is not definitely settled.

18493. You were asked by the Chairman, in regard to shippers being allowed to charter, if they load their ship with their own goods only; do you know of any practice in Australia (which I am speaking of) by which the Government deal directly, and get quotations for net freights, and, therefore, the question of rebate is not involved?—Are you speaking of cargo from Australia?

18494. I am speaking of one particular State Government now, the Government of Queensland. Queensland ships a lot of material out, and they get what are called net freight quotations?—I cannot speak of my own knowledge about it.

18495. Is it not quite open for people to get such quotations, net freight quotations, and in that way to avoid any rebate or any question of rebate?—You are speaking, again, I take it, of cargo from Australia?

18496. No, of shipping goods out to Australia?—I do not think I quite understand. It would be possible, I suppose, for a man to ship his cargo without this deferred rebate, but he would have to make a separate arrangement.

18497. There are such separate arrangements made?—Naturally, he would not get the same rates of freight as those who had come under the obligation.

18498. Do you not think that he gets as good rates of freight?—I do not know of any case where it has

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been asked for, but I think if a man did ask for them he should reasonably expect to be charged a higher rate.

18499. (*Chairman.*) Do you know any cases in which contracts of that kind have been entered into?—I am advised that there have been some heavy contracts for rails on account of Governments which have been separately dealt with.

18500. (*Captain Collins.*) I am speaking of the Government of Queensland?—I am advised that there have been.

18501. They deal in such a way that they obtain net quotations for freight from London to Brisbane, or some other port, and they get, or they contend they do, lower quotations than others get?—I am advised that has been done in the matter of rails.

18502. Rails, of course, form a good deal of it. To come to that subject, on which you made a statement that you knew nothing, that is, the special rebate of 5 per cent., there is a point that I want to put to you. I have a freight here that I myself paid. It is a freight on certain goods of £1 11*s.* 3*d.*, then they add 10 per cent. on to that which brings it up to £1 14*s.* 5*d.*, then off that they take 5 per cent. primage, which makes it £1 12*s.* 10*d.*; and that is the amount my office pays. What becomes of the remaining 5 per cent.? They have added on 10 and taken off 5, and still there is 5 per cent. left. Is that retained entirely by the shipowner?—I do not think I quite follow you, again. You have added on 10?

18503. You have added on 10 and you have taken off 5, therefore, there is 5 left?—There is 10 per cent. still in existence, the deferred rebate.

18504. No, the deferred rebate you get afterwards. You have added 10 per cent. on to the original freight, and 5 per cent. is immediately taken off; what about the other 5 per cent.; is that freight that is retained entirely by the shipowner?—That is retained by the shipowner.

(*Captain Collins.*) It seems to me that these people who complain from Australia may be in some confusion over this very practice.

(*Professor Gonner.*) The Victorian Importers' Association may be quite wrong, but they are very definite in their statement.

18505. (*Captain Collins.*) What is the object of adding on the 10 per cent. and taking off the 5?—And then refunding 10 per cent. afterwards?

18506. Yes?—It could be just as well done by increasing the rate. It was a convenient way of arriving at it, I suppose.

18507. You cannot throw any light on that particular point?—I am afraid I cannot help you at all.

18508. I do not know whether you were asked when I was out of the room—if you were not I should like to put it to you—as to a statement made by Mr. Tozer, in which he said he knew of a case in which the Conference refused to return rebates on the sole ground that they had been claimed after the prescribed period of three months had expired. Is that a very exceptional case, do you think?—I think the three months' rule is not rigidly adhered to; I think each case is dealt with on its merits.

18509. Have you any knowledge of any such cases in which the rebate has been refused?—I cannot speak of my own knowledge, but, if you will allow me, I will consult Mr. Macpherson and ask him if he knows of one. (*After consulation.*) Mr. Macpherson, who is the gentleman who looks after this matter, tells me that he recalls one case where a man applied after four years. I think if he cannot keep a little nearer than that it is no great hardship to him.

18510. The Australian Commission on Ocean Freights states that a primage of 5 per cent. is added to the rate on wool, but is returned at the time of shipment; do you know anything about that?—There are so many rebates in connection with the business done from Australia that I do not think I could pretend to say.

18511. You do not think those rebates stand on the same ground?—They are absolutely different; there are returns and rebates of all sorts and descriptions there.

18512. Do you know anything about the Western Australian Conference? It is a separate Conference, is it not?—It is, and we are not members of it.

18513. Therefore, you do not know anything in regard to the differential charges made for freights?—We have an arrangement with them whereby we can take cargo to Western Australia at agreed rates.

18514. Are the freights to Western Australia higher than they are elsewhere?—They are higher.

18515. What is the reason—because there is no return cargo?—I think that, no doubt, was the original cause for it.

18516. That would not operate so much now, would it?—Western Australia, so far as we are concerned, is a port of call, and, therefore, one naturally would expect to get a higher freight than one would at other ports.

18517. Do you see any objection to a recommendation that was made by, I think, the Melbourne Chamber of Commerce, that "if legislation on the subject "is contemplated, it should be mandatory that the "actual freight paid, or to be paid, shall be plainly "stated on the bill of lading, showing all discounts "or rebates, whether deferred or conditional, and that "the payment of all rebates should be prohibited, except "to or on the order of the actual owner of the goods "on which the freight has been paid, and that it "should be an offence for any person, not being the "person entitled to receive same, to retain such rebate "for his own use, if paid to him"?—Personally, I would be very glad to see it, but I think you would find great opposition among the shippers to it.

18518. But you do not see any objection to it?—I do not see any reason, from our point of view, why it should not be done. You are speaking of the homeward business, I understand, there?

18519. No, I am speaking of the outward business?—I am not prepared to say we are willing to disturb the present arrangement outwards.

18520. I am speaking of business generally, homewards or outwards?—I think if your suggestion applied to secret rebates it would be a very proper one.

18521. I do not see how you can limit its application to them?—I think you might very well limit it. If the arrangement that we now work under is not thought to be an improper one, there is no reason why it should not be continued; but any legislation which was going to bring about the end of secret rebates and returns of all kinds, would have, certainly, my hearty support.

18522. (*Professor Gonner.*) You think there were secret rebates at one time in the Australian homeward trade?—I would not say "at one time," I think that there always are.

18523. Do you think that the higher rates to Western Australia were at all due to the particular form of the Western Australian Conference?—I cannot speak from knowledge of the subject, but I know that they are higher.

18524. There was a Conference and there was a special inquiry in Western Australia as to the working of the Conference, as, I suppose, you know?—Yes.

18525. It struck me that possibly the freights were somewhat due to that Conference?—I may say, I cannot give you any information about it. We only work, as I say, under a subsidiary agreement which enables us to take cargo for Western Australia at agreed rates without coming into conflict with them.

18526. When you take cargo to Western Australia, does that come under your general rule so far as shippers are concerned?—So far as the rebate is concerned.

18527. Is there a Conference in the homeward trade, or any system of Conference?—The agents in Australia within the last year or two met together and have come to some sort of understanding in regard to the rates on certain classes of cargo; but it does not by any means embrace the whole of the traffic, nor do I think it is as complete in its working as it might very well be to the advantage of everybody.

18528. In regard to wool, is wool carried at a uniform charge, or do you think your general remark as to the existence of rebates applies there?—I wish I could think that the rates that are quoted are in all cases net ones; I am afraid they are not.

18529. Not even with regard to wool? You cannot except wool?—No, I think there are rebates made in connection with wool—they may not necessarily be rebates off the freight itself, but they are rebates in an indirect form—which still exist.

18530. With regard to your outward rates, do you quote net rates for many articles, or any articles, that is, rates without rebate?—Only in the case of these Government contracts, which have been referred to.

18531. I was not dealing with exceptional shipments; I was dealing with any particular article?—The rebate system is quite uniform.

18532. You have stated your objection to shippers availing themselves of any chance opportunity of a filibustering Line coming in and offering a very cut rate, but, of course, your objection would be just the same if a new Line wanted to come in which was going to be permanent and regular, would it not?—I think it would.

18533. Though you would not be able to describe that in quite the same terms?—It would be filibustering, perhaps, until it established itself as a regular Line.

18534. If they came in and intended to establish themselves, of course, you would object rather more?—I think they all intend it when they start, but they do not succeed.

18535. There are cases in which new Lines have come into a trade, are there not?—There are many.

18536. And in which they have been a benefit to the trade, we will say, from the shippers' point of view?—Possibly.

18537. And yet their entry into the trade has been warmly contested?—No doubt.

18538. In this case, of course, the rebate is a somewhat effectual or rather a very strong weapon in the hands of the existing shipowners in the trade?—It is; I admit that.

18539. And it is intended to be such?—Quite so.

18540. Could you tell us what, in your view, prevents the rates being unduly raised? Of course, you recognise that you are in a Conference and that you have some powers embodied in the rebate; now what prevents rates being unduly raised?—I think, to put it no higher, commonsense on the part of the shipowner would interfere. Naturally, he wants to develop his business, and if he is going to squeeze the shipper unduly and prejudice his business, it would re-act upon himself. Furthermore, the shipper has this very strong point in his favour, that the tendency on the part of the shipowner is constantly to increase the size of his ships in anticipation of the growth of the trade. As the size of the ships increase in the Australian trade, the tendency is to lean towards lower rates for steam, with a view to drawing from sailing ships the cargo that they have been carrying. So I think the shipper, on the whole, is pretty sure that he is not going to be charged exorbitant rates, and that the tendency of rates will be gradually lower—down to a point.

18541. I suppose the increase in the size of ships gives an opportunity of cheaper carriage?—Yes, it does.

18542. Do you think that the effect of the Conferences and the rebate system has been to encourage the building of larger ships?—I think it may be said so, because if one could not make a living out of the trade, and we were cutting each other's throats at unremunerative rates, there would not be much inducement to build large fine ships for it.

18543. In your opinion, have tramp steamers increased in tonnage equally with liners, or more, or less?—In the Australian trade?

18544. I put it generally, because you have a very large knowledge of shipping?—I think the tendency of late years has been for the liners to increase at the expense of the tramps.

18545. I meant, in the size of the vessel; I was thinking of the quantity of tonnage?—I am speaking of the general traffic.

18546. I am speaking of the cargo-carrying capacity?—The liners have undoubtedly increased very much of late years.

18547. Do you think the tramps have increased as much?—They did up to a point a few years ago, but I think they have reached a point when they find these very large tramps out of work.

18548. Do you think that now the tendency is for the liners to increase in capacity rather more than the tramp steamers?—I think so.

18549. Take that particular point that I was trying to elucidate—the difficulty of the shipowners' position before us is this, that they are, in form, a *quasi* monopoly, or monopoly—I do not use the word in any objectionable sense—and it is always conceivable that that might lead to an undue raising of rates. I gather that your argument is, that that is prevented by their desire to increase the quantity of goods they carry?—I look upon that as an absolute safeguard.

18550. Then why do we not regard that as a sufficient safeguard in the case of railways. Because we do not, you see?—I think the railways are in rather a different position.

18551. They are certainly in a different position?—They are running under charter, and they have a monopoly which might be looked upon as absolute, inasmuch as they have got the land, they have had to buy it, and it is a very difficult thing for anyone to come in conflict with them. But anybody who has got sufficient capital can put on a so-called line of steamers, and squander it for the benefit of shippers at any time that they wish to do so.

18552. Still, as far as your argument is concerned, of course, it is as much to the interest of the railway to carry a large quantity of goods as it is to the interest of the steamer?—I presume it is.

18553. You really take this position, do you not, that there is latent possible competition in the case of shipping Lines?—There is.

18554. Which the rebate, of course, is intended to exclude in some degree?—It is intended to protect those in a trade against attack.

18555. How far is a rebate system effectual in preventing a regularly-established Line from coming into a new trade?—I do not think it would be effectual indefinitely. It is a barrier which a new-comer has to overcome at considerable expense.

18556. Do you consider that a Line which is well established, and which is determined to extend its operations, can succeed?—If it were willing to spend money itself. It is all a question of business and how much a man is willing to spend to accomplish an object.

18557. The object of the rebate is of course to make it necessary that he should spend a good deal?—That is it.

18558. Would you tell us the extent to which there are loading brokers other than shipowners in the Australian trade?—There are several firms that are loading brokers and are not shipowners.

18559. That is so I believe, is it not, in Liverpool?—Yes, it is so in Liverpool.

18560. Do you know whether that is so in London to some extent?—I think probably there are firms here who do not own ships, too.

18561. Loading brokers play a rather important part in the Australian trade, do they not?—Yes, more particularly in connection with the sailingship business.

18562. And less with the steaming?—Not so much with the steaming, as owners are doing more for themselves in connection with a steamer. Formerly the brokers used to do almost everything.

18563. At one time the Australian Conference was largely a brokers' committee?—It was originally.

18564. What part did the owners play?—More or less a subsidiary one. But to-day the position is somewhat reversed, I think.

18565. Did the loading brokers determine the rates?—The working of the Conference was much as it is now; but the elements in it now are more representative of the shipowners than they used to be.

18566. In reference to this central office at Liverpool, it is quite obvious from Mr. Tozer's statement that he regarded the central office in Liverpool as being very different from anything which they had in London?—I am rather surprised to hear that, because

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we have a central office, so-called, in Liverpool, through which, if we wished to address the London Conference, we would send our communication. That would be received by an office in London, which I should look upon as the central office in London.

18567. It was in regard to the rebates that he was speaking; he looked upon the office in Liverpool as effecting something with regard to rebates which was not effected in London?—I cannot speak from London experience.

18568. What does it do in Liverpool with regard to rebates? Are all the claims sent in to them, and do they just send them on to the owners?—They used to be all dealt with in that way, through the central office in Liverpool.

18569. They received them, but they did not hold the money, for of course the different Lines held the money?—Yes.

18570. They received the claims and then sent them on to the Lines; is that it?—The practice was for the claims to be sent in to the central office, where they were checked and the amounts due by the various parties in the form of rebates were paid into a bank, and the central office chequed on that bank in favour of the shippers.

18571. When each Line knew what it had to pay in rebates, it paid the amount over into a common account and the central office paid it out by its own cheque?—That is it.

18572. What would be the practice in the Australian Conference if a shipper complained to you that a competitor of his, a disloyal competitor, had obtained lower rates from a tramp, or liner? What would you do? Should you give him protection in any way?—I think that is a case which would have to be considered on its merits. If it was simply an odd ship that came on and gave these lower rates, I think it probable that the shipper might not be met in the matter; but if there was anything like an organised opposition which was causing disturbance, I think the regular loyal people would be protected undoubtedly.

18573. As I dare say you know, in the South African Conference there is a defined system of protection?—I do not know it.

18574. You have no defined system, at any rate; it would be a case which would have to be met and dealt with on its own merits?—That is true.

18575. You cannot extend that to the Continental undercutting or to the United States undercutting, I suppose?—No, I am afraid we could not do that.

18576. Of course that is equally important for the shipper if the goods which are shipped from the Continent or the United States are in competition with him?—No doubt it is, but I think there is a very great deal of cargo which comes from the United States which is not competitive at all.

18577. I suppose the greater amount is not competitive?—I think that is so.

18578. But at any rate in the Australian trade you have no system of protection which has been worked out either by you, or by agreement between you and the shippers?—No. We should deal with the case as it arose.

18579. Has the case arisen at all?—It has arisen in the past I think on more than one occasion.

18580. And you have been able to give protection?—I cannot recall just exactly what was done.

18581. One of our witnesses held the view that he would naturally receive protection in the Australian trade?—I think the shippers would undoubtedly receive protection if any organised opposition was put on and rates were reduced. I think it would stand to sense that we would have to protect the shippers.

18582. Might I ask one question with regard to that immediate 5 per cent.; is that immediate 5 per cent. paid at all, and returned?—In what way "paid"?

18583. Is it deducted from the freight paid, and so the money representing that immediate 5 per cent. does not pass?—A debit note is sent in after the goods have gone forward, and the 5 per cent. is returned separately.

18584. Yo do return the 5 per cent.?—Yes.

18585. You do not deduct it from the payment at the time?—It may be done so occasionally.

18586. You treat it as a cash discount, I suppose?—That is so.

18587. Consequently, if a shipper became bankrupt between the shipping of the goods and the payment, you would claim on the whole amount?—I do not understand that.

18588. Suppose you take the case of a shipper who is shipping goods, and in the short interval between the shipping of the goods and the payment of the freight became bankrupt, what would you claim?—I should claim the full amount of the freight; and the 5 per cent. or the deferred rebate——

18589. I am not speaking of the deferred rebate?—The 5 per cent., I take it, would be a matter to be claimed by the bankrupt's assignee.

18590. You would not claim the 5 per cent.?—It would be due to the shipper.

18591. It would not be due to the shipowner?—I think the fact of his becoming bankrupt would not affect his right to have it, or his assignee's right to have it.

18592. I was wondering, in that particular case, where that 5 per cent. would go?—I do not see why the bankruptcy should affect his right to receive it or our liability to pay it.

18593. I quite see the point with regard to the deferred rebate, but if this was a cash discount you might refuse, might you not?—I cannot say that a case has arisen, but it would seem to me equitable that he should have it.

18594. (*Mr. Maddison.*) I gather from your evidence that you think the Conference system is not only good for shipowners, but also for shippers?—That is my belief.

18595. Why do you think the Conference system is good for shippers?—I think without it the steamship owners would be competing with each other unnecessarily, both in regard to the time of the despatches and also in regard to the rates of freight, which would be so low that there would be no money made in the trade for a time until the survival of the fittest took place; and, then, a service would be ultimately arranged on some working basis like this Conference—that is the only way in which it could be done.

18596. Then the fittest must always take the shape of a Conference, must it?—Eventually it will do so. It need not be in the form of this, but in every trade I know of, sooner or later, competition results in some understanding being arrived at—it is bound to.

18597. You think the shippers get an advantage in regular sailings and the rest of it, as you have told us?—I think they do.

18598. What do you think would happen if deferred rebates were made illegal?—I think it would open the door to competition, and this disturbance I speak of would be more easily brought about.

18599. You do not think the interest of the shipper is sufficient for him to still take advantage of the Conference system?—I do not quite follow that question.

18600. You do not think that the Conference system in itself gives a shipper sufficient benefits to make him continue to take advantage of it, although he is not under the obligation of the deferred rebate?—I am afraid I am rather stupid. I do not understand that point.

18601. I am quite sure it is my fault; I will try and put it again, if you will allow me. At present you have a Conference system with a deferred rebate?—Yes.

18602. My question is, whether you think that without the deferred rebate the Conference system would offer to the shipper sufficient advantages for him to continue his support of it?—I think very likely it would; but I do not know that it would be satisfactory from the shipowners' point of view.

18603. That is to say, you require the stimulus of the deferred rebate to get these people to admire and to take advantage of your system?—I think it is necessary to the system to make it work perfectly.

18604. You must have just that little compulsion. With reference to this "understanding," that you gave some interesting evidence upon to Sir Hugh Bell —I followed you, if I may say so, I think, in what you mean about the understanding between honourable men—is not this understanding somewhat one-sided?—I hope not.

18605. You have said in evidence that the merchant was not consulted when rates were raised or lowered, but that you are glad to hear his views afterwards?—I think, perhaps, I might modify that. I think if any important rise in rates were going to be made, the shipper undoubtedly would be consulted. Some little time ago, when the question of advancing rates in connection with the great rise in coal prices was under consideration—I do not know that we made the advance, but we had it in mind to do so—we certainly had it also in mind to consult the shippers before it was done.

18606. Did you consult them?—The thing was not carried through; it was not done.

18607. Have you ever consulted them about a rate?—I think it has been more often in connection with a lowering of a rate that we have consulted them than in connection with the raising of a rate. Their representations to us have been, I will not say frequent, but they have been made with regard to the lowering of rates, and I think I am right in saying that the White Star Line has not been an unfair influence in connection with getting them lowered.

18608. I was not singling your own Line out?—I am only speaking of my own Line.

18609. Do you know any instance in which you have consulted the shippers on the raising of a rate?—I should not like to say off-hand. It is so long since a rate was raised that I cannot recall the occasion.

18610. With respect to shipping cargo on ship's account, you give no undertaking not to do so, do you?—I do not think there is anything in the nature of a specific agreement about it. We do not do it, and I should look upon it as wrong for the shipowners to do it.

18611. The point is, that, so far, the shipper has to take a good deal on trust?—Yes, it would seem so.

18612. You have also said that, of course, you could not guarantee, even under a rebate system and a Conference system, to run steamers, but you would have to be guided by the trade, by the cargo, and all the rest of it?—That is so.

18613. So that even the question of regular sailings, according to that, is a matter of trade necessities, trade fluctuations, and so on?—Up to a point; but with this system of Conference to help us, it is possible for the shipowners to map out their arrangements for a long period ahead, and commit themselves to sailings in a year which we could not possibly do if we were all scrambling for cargo.

18614. Still, you think the Conference system would leave yourself the same latitude that you would have under a competitive system, do you not?—No, I do not think we do.

18615. In what particular, then, do you bind yourselves to do anything for the shippers?—I think in the way I have just mentioned. I think that the shippers have a continuity of service which they can count upon to a reasonable extent, and which they could not count upon.

18616. That is, because you happen to have the cargo offering to enable you to do it. There is no sort of obligation, and you do not feel any more bound to your shippers under this system to do more than the trade enables you to do than you would if you were in a free freight market, do you?—I do. I think with this Conference system at work it would be a very extreme case, indeed, where we should withdraw our ships. We should spend more money on losing voyages with this obligation or this arrangement with the shippers than we would if we were working as free lances without any obligation at all.

18617. There might be a difference of a voyage or two?—I am not speaking of a voyage or two; I am speaking of a long period of voyages.

18618. Is there not a very acute and honourable obligation on the part of all merchants, shippers, and business men, generally, who are trading under any system, to do that sort of thing as long as they possibly can? If you were getting cargo under a competitive system, would you not still feel under an obligation to shippers who were constantly giving you their support?—Not to the same extent.

18619. It is only a question of degree?—Yes. I think a shipowner running in a trade is under a certain obligation to the public and shippers to continue on the lines to which he has committed himself; but I think the obligation is a much stronger one with a Conference than it would be otherwise.

18620. That is your side of the bargain, which seems fairly elastic; but what about the shipper? Where does the elasticity come in there? What sort of latitude has he?—I do not know that I can enlarge upon what has already been said on the point.

18621. There has been much said on this particular point. Has he anything to do but pay the freight and get the deferred rebate if he is loyal? Is there anything else he has to do at all?—Unless some opposition comes on, there is nothing else for him to do.

18622. His obligation is to pay, and he has no latitude within those limits?—I cannot contradict you, although you put the case very unfairly.

18623. I do not want you to contradict me. I understood you to state that you were not members of the Western Australian Conference?—That is so.

18624. Why did you not join that Conference?—I do not know any reason why we should. We do not want to do any more than we are doing at present in Western Australia, and our arrangements with the Association are satisfactory.

18625. Is the White Star singular in the Conference of which you are members? Are you the only one that stands out of the Western Australia?—I do not know. I think there are others probably who are in the same position as we are.

18626. Would you never take cargo other than at their rates?—At agreed rates with them.

18627. What does that quite mean?—Those rates are usually higher than the Melbourne and Sydney rates.

18628. But they are just the rates that the Western Australia take?—They are fixed with them. Our rates to Western Australia are a little higher than the ordinary Conference rates.

18629. Is that a condition they make with you?—It is an arrangement we make with them.

18630. That you shall be higher than them?—Yes, that is the arrangement.

18631. Is there any trade in which the White Star is a filibuster? Do you filibuster in any trade?—I think the White Star might become a filibuster.

18632. Is it now?—At the present time, no; I think not.

18633. But supposing there was an opening for filibustering, would the White Star object to do it?—Not if they thought the opening was one which, as a business concern, they should take advantage of.

18634. I suppose that would be a mutual advantage, would it not, to the White Star and to the shippers in that case?—It would not be an advantage at the start to the White Star, but it might be if it were strong enough to maintain its position.

18635. Would the advantage consist in getting into a Conference?—That would probably be the outcome of it.

18636. Professor Gonner asked you some questions about large steamers and the comparative size of tramps and liners. As you have said, and as we have been told before, large steamers have added to the cheapness of freight—they have made freight cheap?—Up to a point that is so.

18637. Your evidence is that the Lines tend to have big steamers?—That is so.

18638. If large steamers tend to cheapness, then in a competitive market would not the movement be in the direction of large steamers, in order to compete?—Yes, that is so. If a new company came on, I assume they would come on with large steamers with the idea that they could afford to carry cheaply.

18639. The Conference system in itself tends, as against competition, to put large steamers on the

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berth?—Yes. I think that as long as the traffic will justify it, the large steamer will make more money than the small one.

18640. If the large steamer was a cheaper instrument of competition, would it not be more likely to be used?—Yes, it would, no doubt.

18641. With respect to these rates direct from New York to Australia, you told us, I think, that the rates were lower, and the distance greater?—I am sorry to say the distance has very little relation to the rate in the steamship business.

18642. That it does not have any material difference?—It ought to have, I admit, but unfortunately it does not from a steamship owner's point of view.

18643. Not even if the difference is great, as I presume it is, between New York and Australia, as compared with the distance between Liverpool and Australia?—I say it ought to do, but I am afraid in practice it does not.

18644. You gave me the reason why the rates were lower—because obviously, you said, shipowners had to take the rates which ruled?—Yes.

18645. How long have these various firms been plying in this trade from New York to Australia?—I should think most of them since before 1895.

18646. About thirteen years, then?—I should think so.

18647. What sort of dividend do they pay?—I am not in a position to answer that question.

18648. I suppose they are doing pretty well?—I should doubt it, very much.

18649. Are they paying as good dividends as the average—because you know you pay very low dividends?—I do not think anybody knows what we are paying.

18650. I am sure I do not; but the evidence of shipowners has been that the profit which you people make, I mean shipowners generally, is very small?—It is on the average a very small return.

18651. And it is likely to be as large from New York to Australia, I suppose?—No; I should doubt that very much indeed.

18652. They are still lower, and they are still going on?—I do not think the question of the dividend is a fair way of looking at it, because the Lines that are running these services are engaged in other services, and their dividends no doubt would be affected by what the other services are doing. I have no knowledge what they are doing.

18653. Dividends are not the proper test, I quite agree, of the profits of a trade; but have you any idea what the profits are?—I should say they are very small, indeed. I should say, that steamers from New York to Australia have done very badly, indeed, the last few years.

18654. The only good they can have done would be to the shippers, I suppose?—I think that is very likely.

18655. (*Mr. Barry.*) On some points on which I desired a little further information, questions have already been put, so I need not trouble you with those. I gather from your evidence that, in your experienced opinion, the deferred rebate system confers advantages upon the British shippers?—I think it has done so.

18656. I think you went so far as to say that, in your opinion, it has very distinct advantages and benefits?—Yes; I think the shipper gets advantages under it that he would not be able to get without.

18657. Whatever the merits of the deferred rebate system would be, your evidence shows that shippers from New York direct to Australia ship at a much lower rate than they can from the United Kingdom?—That is so. That is due to the excessive competition.

18658. Or it is due to the absence of a deferred rebate system from New York?—I put it as more particularly due to excessive competition between these warring interests.

18659. Might we put it that it was due to open competition from New York?—Yes. I think the low rates would very soon follow here in England if we did not have some kind of Conference; and I think the service which shippers get from New York would be a very poor service in substitution for what the shippers get from England.

18660. The position and the disadvantage of the British shipper is somewhat aggravated by the fact that members associated with the Shipping Conferences, while insisting upon certain high rates from Great Britain, accept the lower rates from New York?—I suppose that is a grievance. I have heard it stated so.

18661. The Commission have had an important statement, which was made a short time ago, from a leading firm of agricultural machinery manufacturers, to the effect that in shipping to a certain market, which I need not specify, the differences in freight amounted to from 5 per cent. to 7½ per cent. on the cost of the goods, and have not only jeopardised but lost the trade to the British manufacturer?—I think that is very likely true. For instance, I think I am right in saying that the tariff rate from New York at present, so far as a tariff can be spoken of there, was, up to a short time ago, 25*s.*; but one of these warring Lines cut the rate to 12*s.* 6*d.*, without the slightest hesitation, in order to get a block cargo. I am speaking of direct boats, now.

18662. Knowing of a case, such as the trade I refer to, namely, the agricultural implement trade, in which, under equal conditions, the competition is of the very keenest character, would your company, or would the shipowners in Conference, generally, be disposed to listen to representations from the agricultural machinery manufacturers on this head?—They would. Mr. Tredwen, some little time ago, pointed out to me, when I was having a talk with him, that this agricultural implement rate was an unfair one. So far as the White Star Line was concerned, we expressed our willingness to the London people here that a reduction should take place in order at once to assist the British manufacturer.

18663. I understand that the rates of freight can be advanced without any previous notice to the shippers?—I think you are correct in saying they could be, but in practice, I think they would not be. I think if the advance was anything like a material one, the shippers would be consulted beforehand.

18664. In the event of freight being advanced without notice, and, in consequence, some shipper found himself unable to continue with the Conference and forfeited his rebates in consequence of his action, would you have any objection to the shipper having some Court of Appeal?—No; but I think that Court of Appeal would die of inanition, and would have nothing to do if it only had to deal with cases of advances.

18665. Excuse me, but that is not quite answering my question?—I should have no objection to a Court of Appeal.

18666. (*Mr. Sanderson.*) You said the German Lines are working not in Conference, but under an understanding with you to-day; is it implied, or is there anything in writing between you?—There is nothing in writing. There was, I believe, originally, but I think it is dead, and we are simply running along on the old lines.

18667. Is that due to the fact that each, shall we say, combination or association, British and German, recognise that they can be powerful influences for injury to each other, and that it is, perhaps, wise that they should work well together?—I think it is probable that that is at the bottom of it.

18668. Is it not true that Germany, as a whole, assists its exports by special railway rates?—I believe it does.

18669. And in addition, the German Lines adopt the rebate system, do they not?—That I do not know.

18670. We have had evidence that they do?—I am told that they do.

18671. Supposing, for instance, that England decided that rebates were illegal and prohibited them, would that affect the potentialities of the British Lines in their understandings or arrangements with the Germans, unfavourably?—I think it would. It would lay the trade here open to attack from the German or other Lines in a way in which it is not open at the present time.

18672. The German steamers and the Swedish also pass England on their way to Australia, do they not?—Yes.

18673. So they could call in here if they wished to do so?—They could.

18674. There is no such condition appertaining in America; that is, there are no Lines passing America on their way to Australia?—No.

18675. Any Line who wished to go from the United States to Australia would have to embark on a separate and distinct service?—Yes, it would.

18676. (*Mr. Owen Philipps.*) Mr. Maddison was asking you some questions about large steamers; is it not the case that the Conference and the rebate system has tended to enable the regular Lines to put on larger and faster steamers than they would have been able to do had they not had the protection of the deferred rebate system generally?—I think that is correct, particularly if you couple the two things together—larger and faster.

18677. I would like to take you back for a moment to the matter of freight and primage. You explained very clearly that if the freight was £100, the shipper would have to pay 10 per cent. primage, or a total of £110, of which he would get back £5 immediate or cash discount, and £10 deferred rebate, leaving the net freight to the shipowner of £95?—That is right.

18678. The Importers' Association of Victoria make the assertion that this special or cash rebate of 5 per cent., in addition to the deferred rebate of 10 per cent. allowed on the amount of freight paid on account of the Australian buyer, is a special rebate subject to stringent conditions, and they said that half of that amount, namely, 2½ per cent., would "return to the Commission House immediately on the "payment of the freight," and the other half "is "credited to the account of the Commission House, "which account is made up and paid every six "months." Is there any truth in that statement?—As I have already stated, I do not know what they are referring to.

18679. Do you think it possible that they are simply referring to the fact that of that cash discount or immediate return of 5 per cent., some of the Commission Houses credit their friends in the Colonies with 2½ per cent. and some do not?—I formed the impression in reading over the evidence that there was some confusion, and that the 5 per cent. they were referring to was the same 5 per cent. which was refunded here.

18680. (*Mr. Birchenough.*) I want to put one or two questions to you about American competition. Are we to understand from the last paragraph but one in the *précis* of your evidence that your Line carries American goods by way of Liverpool, with transhipment at Liverpool, cheaper than you carry British goods from Liverpool to Australia?—That is so.

18681. Is not that practically a breach of your agreement with your British customers, that you will carry goods for all shippers at the same rate?—I do not think so—because our friends in England are not prejudiced thereby. That cargo, if it did not go by the White Star, would compete with them in Australia just the same, but it would go by other Lines instead of by the White Star Line. The only people who would lose by it would be the White Star Line.

18682. It comes to this, that it is a positive, absolute disadvantage to be a British manufacturer and exporter at that rate. I take it that the Conference Lines, having secured their own market, are able thereby to carry, if they chose, American goods at cheaper rates than they carry British goods?—I do not think that is quite a fair way of putting it. Because we are carrying this cargo at cheaper rates now, we do not hope always to carry at those rates; we hope that some day these people will get tired of cutting each others' throats, and we shall come to some arrangement with them. It has been tried repeatedly, and I hope some such arrangement will be come to.

18683. Do you think it fair that a Conference Line should tie British shippers and British manufacturers down to fixed rates of freight, and then it should go out into the world individually on its own account and carry competitive goods at lower rates?—I think it is fair.

18684. You do?—Yes.

18685. Have you never had any request from British manufacturers to guarantee to them most favoured terms?—I think that shippers have represented to us at times that these American rates were hurting their business; so far as we were concerned, we have listened to their representations and have endeavoured to assist them so far as we could with our associates in the Conference.

18686. To assist them by reducing rates, do you mean?—By reducing the rates from England.

18687. I suppose you admit it is clear that, *pro tanto*, lower freights from America must assist American trade?—No doubt it is so where the articles are competitive. But I hold that the great bulk of the traffic which comes from the United States is not competitive.

18688. I agree with you, but of course where the articles are competitive, they are becoming increasingly competitive?—Yes.

18689. Where these articles are competitive, this is an assistance to American trade?—It is quite conceivable that the outcome of this war of rates in New York might be that rates would be put up higher there than they are here. The time may come when perhaps the British shipper would be at an advantage. That is quite conceivable.

18690. He might be?—It is quite conceivable.

18691. Has there been any attempt on the part of these competing Lines who carry on direct trade from New York to Australia to enter into a Conference?—Yes.

18692. There has been?—Yes.

18693. But unsuccessfully?—Yes, so far unsuccessfully.

18694. Is there any organisation of shippers in Liverpool to discuss questions of freight and classification with shipowners?—No, I do not think there is.

18695. None at all?—No.

18696. So when you wish to make any change, either in rates of freight or classification, there is nobody that you can approach?—There is not in Liverpool.

18697. You can really only discuss that with individual shippers?—That is so.

18698. May I ask you whether you think it would be a good thing for there to be a strong body representative of the shippers?—Personally, I should welcome it. I can see no objection to it at all.

18699. And you would welcome it?—Yes. I think it is always better to talk with three or four people who can speak for the trade as a whole, than to hear the views of different people. Perhaps, their views are better thought out and more reasonable when they have had the opportunity of conferring amongst themselves, than when they come to you from a great number of quarters.

18700. That is to say, you think a Conference of shipowners on the one side and a Conference of shippers on the other, would be a more satisfactory arrangement than the present one-sided one?—I do not know that it would be more satisfactory, but I certainly should not object to it.

18701. Just one other question: Are the sailings from New York regular?—They have lately been more regular than they used to be. Since the Tyser Line and the Germans started, working together, they have been more regular; but you cannot call them regular in the sense that we are regular from Great Britain.

18702. Do you mean that they are not definitely advertised, and that there is no programme?—The shippers get to know that the P. & O. and the Orient will sail at certain times, and that goes on year after year. In America that is quite different.

18703. Are their rates of freight steady?—They are steadier than they have been. They have a tariff, but, unfortunately, that tariff is not a very reliable one.

18704. Because it varies from time to time?—It is not adhered to as it should be.

18705. It is just a question of bargain, then?—It is a question of bargain between the shipper and the shipowner.

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18706. Is it?—Yes, very largely.

18707. So there really is no tariff that is adhered to?—There is an ostensible one, but I am afraid it is more misleading than anything else.

18708. Do you mean that a man with a large amount of freight to offer would get a low rate?—I think he would.

18709. Without a contract, would he get it from week to week?—It is very hard to say what is not done there in regard to rates. I do not like to say.

18710. It is an open market?—It is very much an open market. There is a tariff rate which is supposed to be adhered to, and, so far as we are concerned, we have adhered to it very closely; but I have reason to believe that we are rather exceptional in that matter.

18711. But they get their business done, and they get their goods carried?—Yes, they do.

18712. So really they do not suffer from the absence of a Conference? I am speaking from the point of view of our traders?—You have got to look at the matter from the point of view of a permanency. It is not conceivable that sensible people can go on shovelling money into the sea indefinitely for the benefit of shippers. I admit if you can get a sufficient number of steamship owners who will go on running regular Lines for nominal rates of freight, that would be an ideal arrangement from the shippers' point of view; but it is not an arrangement that can go on indefinitely.

18713. I am looking at it from the point of view of its effect on British trade?—I am quite willing to admit that, for the time being, where the article is competitive it must be prejudicial; and so far as it is within our power to meet them to a reasonable extent, we are always willing to consider the representations of shippers that are being hurt.

18714. It is British Lines and not American Lines which are practically creating the situation which is, for the time being, somewhat hostile to British trade?—I think it is right to say that the direct Lines from New York are responsible for the state of affairs. So far as we are concerned we are ready, and have been ready, to make arrangements with them with regard to establishing reasonable rates there, and it is on record that the proposals made by the White Star Line to that end are considered entirely reasonable by our competitors, or, at least, by most of them.

18715. (*Mr. Owen Philipps.*) Are the class of steamers that are running direct between New York and Australia to be compared with the class of steamers that are running direct from England to Australia?—Not at all; they are not the same class of ship.

18716. (*Sir John Macdonell.*) I understand you admit that the present difference, which is half-a-crown, operates somewhat to the disadvantage of the English exporter?—No; I am afraid that is not quite the position. The 2*s.* 6*d.* mentioned in my *précis* is a differential rate, which the White Star Line claimed as against the direct boats from New York, because of the transhipment here at Liverpool. The rates of freight from New York are, as a rule, I think, more than 2*s.* 6*d.* less than the rates from Great Britain.

18717. So far as there is any difference, you have admitted to my fellow Commissioner, as I understand, that they did thus operate to the disadvantage of the British exporter?—As a temporary measure, it no doubt is so.

18718. I suppose that when the difference in rates of freight was much greater than it is now, the disadvantage was still greater?—No doubt.

18719. According to the evidence given by Mr. Tredwen, at one time there was, I think he said, a difference of about 30 per cent.; so far as you know, is that correct?—I have no doubt Mr. Tredwen had the facts before him when he made that statement.

18720. In your view, must not a difference of 30 per cent. have operated seriously to the disadvantage of the English exporter?—I have no doubt it did at the time.

18721. Over what period of time did such difference exist?—I think that difference which Mr. Tredwen referred to there probably only lasted for a short time. The rates, three or four years ago, were very much lower from the United States than they are now; they are much more nearly on the same plane with the British rates now than they have been.

18722. Am I right in assuming that a difference, large or small, has been in existence for a considerable period of time?—That is correct, substantially.

18723. This tendency, unfavourable to British trade, and favourable to American trade, has lasted for a considerable period?—That is so.

18724. You have spoken chiefly of the Australian trade; are you acquainted with the New Zealand trade?—We are engaged in the New Zealand trade, but we are what might be termed sleeping partners, if I may use the expression, with our friends Shaw, Savill, and Albion Co., and they conduct the trade. Therefore, I am not prepared to speak for the New Zealand trade; I can only speak here for the Australian trade.

18725. I will only ask you a question or two upon it. There is a Conference with respect to the New Zealand trade, is the not?—I believe there is.

18726. Might I ask what is exactly your position in regard to it? You define it as being that of a sleeping partner; would you explain that a little more clearly?—We have a half interest in most of the Shaw, Savill and Albion Co.'s ships running to New Zealand, and they have a half interest in most of our ships running to New Zealand. To that extent, we are partners with them; but the conduct of the trade is in their hands so far as all brokering arrangements with shippers are concerned. Therefore, I am correct, I think, in saying that we are sleeping partners, and it would not be proper for me to speak about that branch of the trade.

18727. I am not taking exception to that?—You should understand that I am not prepared to speak in regard to the custom there. I believe it is very similar to the custom in the Australian trade; but beyond saying that, I do not think I could enlighten you much.

18728. At all events you can answer this question—whether you are parties to an agreement by which certain minimum rates are fixed?—Yes, that is so.

18729. I do not want to go far into this matter; but is there any rebate system?—There is a rebate system there, too.

18730. What is the amount of it?—I do not think I could tell you.

18731. I will not pursue that matter further. You are, no doubt very well acquainted with the Atlantic trade between this country and the United States, in which, we understand, there is no rebate system?—That is true.

18732. In that trade are there any of the advantages claimed for the rebate system?—I might say all of them.

18733. Take, for instance, the regularity of sailing?—They have got that.

18734. Not shipping on ship's account?—I do not think that exists at all. We do not ship on ship's account in the Atlantic trade.

18735. Uniformity of rates to all comers?—I think practically they have that. They are so uniformly low that they are almost uniform, you might say They are nominal—we will call them nominal.

18736. But nominal or high, at all events they are uniform?—Yes, I think they are practically uniform

18737. That being so, which of the virtues of the rebate system is absent?—The shipper in the North Atlantic trade is favoured by circumstances. He gets as you correctly describe, those conditions without the rebate system, but he gets it for an entirely different reason. He gets it because the Atlantic passenger traffic is so enormous, and makes such demands upon the shipowner, that the freight business becomes of secondary importance; and therefore we run these ships regularly across the Atlantic at a high speed and with great carrying capacity, taking what cargo we can get simply as so much extra—if we get it, all right, if we do not get it, we go without it; but that is not a factor in it.

18738. We have had that explanation before, but not put so clearly, I think, as you have put it. I

your view, but for the large remunerative passenger traffic, a rebate system would be indispensable there?—Of course such ships would not be run with any system of rebate or otherwise on freight; it could not be done. No system, however, binding, and no rates of freight we could get would enable us to run such ships.

18739. There is another question akin to what you have been saying that I would like to ask you. Are you aware whether or not the Elkins or Sherman Act, with which no doubt you are acquainted, has made any real difference in regard to certain rebates in the United States?—I think that is the Act which made them illegal, is it not?

18740. That is so?—I believe the system was in force at one time, and it has been done away with.

18741. In law it may have been done away with, but I am asking what is your knowledge and experience with regard to fact?—So far as our knowledge of it is concerned, it does not exist in any traffic that we are interested in.

18742. I should not suggest that for a moment; but as far as your knowledge of the trade has led you to believe, are such rebates given, the Elkins or Sherman Act notwithstanding?—I do not know that they are given.

18743. We were told by a witness the other day that there had been a change in the Canadian traffic from Liverpool in regard to rebates; he informed us that in regard to the through Canadian traffic the rebate system had been stopped. Are you aware whether that is so?—I believe it is correct that the rebate system has been substantially stopped. There are some rebates which are still paid, but I understand that those are to be stopped before very long.

18744. According to the witness the change affected only the through Canadian traffic, which he stated was an unimportant portion of the traffic; is that correct, or does it extend to all traffic?—I am afraid I am hardly qualified to follow you into the Canadian trade. I have not come down prepared to discuss it with you, and I might be misleading you by giving answers which are not well thought out. You will understand that one has to post oneself up a little bit about these little points before coming to answer these questions.

18745. I am rather surprised that you answer me as fully as you do. You think that it would be an advantage if the shipowners were able to confer with some representative body?—It would be no disadvantage—certainly not. I do not know that it would better matters; but, personally, I should be very pleased, indeed if we could do that.

18746. In answer to one of the Commissioners, you used a phrase which I noted, namely, that you as shipowners thought that you owed a certain obligation to the public; I do not want to lay too much stress upon the phrase, but what did you exactly mean by that expression?—It is very hard to define it in words, but I feel that when a company of the importance, we will say, of the White Star Line, establishes a service and announces its intention to carry that service out under a certain scale of sailings, and so on, it should hesitate very much, even though it were running at a loss, before it disturbed that arrangement; and I think it would hesitate very much to disturb that arrangement.

18747. Do you not think that in order to carry out that public obligation, which you have very clearly described, it would be of great importance, nay, essential, that there should be some representative body with which you could confer?—I would not like to go so far as to say it was essential; I should look upon it purely as a matter of convenience.

18748. Convenience to whom?—For instance, if we had some communication between the shippers, no doubt it would be much easier to walk into one man's office, and feel, when discussing it with him, one was discussing it with all, rather than have to pass the word to 50 or 60 different people. But that is a state of affairs that would arise very seldom.

18749. At the present moment, have you any certain mode of ascertaining the desires and opinions of the manufacturers whose articles are exported?—No; there is no machinery for doing so.

18750. Would that not be desirable?—It might be; but I think that if any shipper or manufacturer had views which he wanted to put before the shipowners he would not hesitate to do so, and we should expect to hear from him.

18751. You have found the advantages of combination; do you not think that manufacturers would speak with more authority if they spoke collectively?—As I say, it might be a matter of convenience, undoubtedly.

18752. I will put to you this question—whether or not the absence of complaints on the part of the British manufacturer, while there was a difference of something like 30 per cent. in favour of the United States shipper, may not have been due to the absence of some body representing his interests?—But there was no absence of complaint about it. We heard a good deal about it.

18753. From the manufacturers?—I will not say from the manufacturers, but I will say from the shippers more particularly.

18754. I am rather pressing you upon this point that the shipper, with whom you come into contact, may not always represent the interests of the manufacturer?—The shipper is the party with whom we come into contact, but the manufacturer no doubt would make his representations to the shipper.

18755. I am not sure that I understand your position in regard to the publication of rates; are you in favour of it?—Do you mean by publication, sending it broadcast round to everybody to look at, like a railway company does? I suggest it would be rather giving information to one's competitors or possible competitors, which it would not be reasonable to expect us to give.

18756. I am not quite sure that I follow that. I am speaking now of the rates of the Conference, all the customers of which receive, as I understand, the same treatment?—That is so.

18757. I do not understand what is the disadvantage that you speak of in the event of the classification being generally accessible?—For instance, if it was put up as a railway company puts up its classification, it would be open to any competitor or possible competitor to pull off one and put it into his pocket. He knows that it includes all the rates that the Conference charge for, say, 50 or 60 or 150 or 160 different articles, and then all these rates would be open to him. As it is now, a shipper comes and asks the rate on certain articles, and he goes to one office or the other and he gets the rate. I admit that if a man was thorough enough about it, he could find out this thing by degrees; but it would take him a great deal more trouble to find out what the rates are to-day than it would be if your suggestion were carried out.

18758. I am not quite sure that I see what harm could be done to anyone by the change?—I am endeavouring to show you that it will be putting information into the hands of possible competitors, steamship owners, which I thought might be useful. I do not think we should be asked to publish this.

18759. (*Mr. Maddsion.*) You are thinking of the steamship owners outside the Conference?—Certainly.

18760. (*Sir John Macdonell.*) You think that they might come to the conclusion that certain rates were of a highly remunerative character, and they might thereby be tempted to intervene?—I think any steamship owner contemplating going into the Australian trade would look into the matter very thoroughly, and he would not be unduly attracted by anything he saw in the tariff.

18761. Then if that be so, would much harm be done?—As I say, it is information which there is no reason why we should give to him, and therefore we do not give it to him.

18762. I was rather dwelling upon your point of the harm that is to be done?—It is hard to say how much harm might be done. There might be harm done, and therefore there is no reason why we should do it.

18763. Possibly, but it might be harm of a character which you would find it difficult to define?—Yes.

18764. Are you prepared to agree to a proposal that before a rise of rates should take place, reasonable notice should be given?—Yes; I think we would be willing to do that.

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18765. Without pinning yourself to a precise time, what approximately would you think would be a reasonable interval?—I should think that with a tariff such as we have in force, it would not be unreasonable to give a month's notice. I have not consulted any of our associates at all, but I should think, offhand, it would not be unreasonable to give a month's notice.

18766. Various witnesses have objected to such an arrangement on the ground that there would be a great liability for cargo to be suddenly brought forward in order to escape the higher tariff that was about to come into operation; do you think that is a serious thing?—I think it might do so, but I do not think that those who have got room in their ships would worry about it.

18767. You do not think it is a serious matter?—I do not think so. As a matter of fact, as I have said before, the question of raising rates is one that never comes under our consideration; it is only a question of lowering them.

18768. (*Mr. Owen Philipps.*) Would you be prepared to give up the right of being able to lower a rate at a moment's notice in case of competition?—Certainly not.

18769. (*Sir John Macdonell.*) In answer to a question put by Mr. Sanderson, you stated that if the rebate system prevailed in Germany while it did not prevail in England, England would be, to use your expression, open to attack. I am not quite sure that I understood what that meant; do you mean by "open to attack" that lower rates would be in force in England, or might be in force in England?—Let me put to you an analagous case. You spoke of the Atlantic trade just now. The German ships on their way from Germany call at British ports and take away British passengers. If there were no rebate system in the Australian trade, it is conceivable that German ships bound from Germany to Australia, could, with equal facility call at British ports and take cargo from Great Britain.

18770. I see at once that that might be a disadvantage in certain circumstances to the British shipowner; on the other hand, what would be the effect upon the British merchant, the exporter?—If the Commission feel that it would be an advantage——

18771. I am asking you what would be the advantage?—No doubt it would result in the breaking of rates in the Australian trade. We should undoubtedly meet whatever rates they made, and we should have a war of rates, and then as to what the effect would be ultimately on the services, I cannot say, but it would undoubtedly be bad.

18772. I am desirous of getting your opinion correctly. You admit frankly that for the time there would be an advantage to the British exporter?—If a disturbance in rates is looked upon as an advantage to the British exporter, it would exist; but I am advised by shippers—and I have heard it stated again and again—that these disturbances in rates are not unmixed blessings. What people want is reasonable rates, and not disturbance.

18773. You think that, in the long run, if there was a fall, that fall would probably be altered, and there would be a return to higher rates?—Undoubtedly. It is only a question of time.

Mr. George B. Dodwell, called and examined.

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18774. (*Chairman.*) You are Chairman of Dodwell and Company, Limited?—Yes.

18775. Are your firm owners of certain steamships?—No, we are not owners. We call ourselves merchants and shipping agents, but we are loading brokers; that is the corresponding position in London.

18776. You have prepared a *précis* for us, which we may take as your evidence-in-chief?—Yes.

(*The witness handed in the following statement.*)

(1.) I am Chairman of Dodwell & Co., Ltd. My firm are merchants and commission and shipping agents, and have their own branches in the principal ports in China and Japan, in Colombo, and in the Pacific ports of North America; we are shippers, to a fair extent, of goods from the United Kingdom and Europe to China and Japan; our branches in the Far East ship largely, mainly tea, principally to Europe and the United States of America and Canada; my firm in China and Japan have acted for many years past as loading agents for various shipowners engaged in the trade between the Far East and Europe, and between the Far East and New York, and they also represent a Line of steamers running across the Pacific in connection with one of the American transcontinental railways.

(2.) I went out to China in 1872, and was there (with the exception of some short holidays) until 1898; during that time I personally attended to the shipping department of the firm, in the first place as shipping clerk, and later as manager.

(3.) In the late seventies and early eighties, arrangements were made annually in London by Adamson, Bell & Co. (my firm's predecessors) in conjunction with Russell & Co. (the predecessors of Messrs. Shewan, Tomes & Co.) with the various steamship owners then interested in the homeward New York trade. These arrangements covered the loading of a certain number of steamers in certain order, as agreed with the different steamship owners; in consequence of these arrangements, rates of freight were maintained at figures which were considered satisfactory by the shipowners, and which, at the same time, were acceptable to the shippers.

(4.) About 1889, a greater number of steamers outside of the regular Lines found their way out to the Far East, and by accepting low rates either for an outright charter or for loading on the berth on owners' account, demoralised the homeward New York berth, and *a Conference was therefore formed*, consisting of the regular liners, which lasted for about two years.

(5.) Between 1891 and 1904, outsiders frequently made their appearance on the berth for New York, no special agreement was come to amongst shipowners, and the regular liner and the outsider vied with each other in carrying cargo at low rates of freight.

(6.) The situation became acute, and *in July*, 1904, *the present (Westwards) New York Conference was established*, and a circular was issued to shippers on the 30th July, 1904, offering a deferred rebate if they would give their undivided support to the Conference steamers. I have not a copy of the original circular issued to shippers in July, 1904, but attach the circular issued, dated, Hong Kong, 30th April, 1907; these circulars were issued annually, and the previous issues were almost identical with the form now handed in to the Commission, any slight alteration would be one of detail merely. The operations of this Conference were intended to cover shipments from Japan, China, the Philippine Islands, the Straits Settlements, and the Malabar Coast. On the 22nd August, 1904, a circular was issued at Singapore to the shippers from the Straits Settlements; and some time in December, 1904, a circular was issued to the shippers from the Malabar Coast. On the 11th May, 1906, a circular was issued in London to the European representatives of shippers from the Philippine Islands. During 1904, opposition to the Conference was offered by the American and Oriental Line (Howard, Houlder, & Partners, Ltd.), and on the 1st December, 1904, this Line became members of the Conference.

(7.) The effect of the Conference has been to raise rates to and maintain them at a figure reasonable to both shipowner and shipper, and such as would tend to develop the trade; steamers have been despatched regularly and frequently; tonnage has been supplied in accordance with the requirements of shippers, and, judging from the number of steamers loaded, the volume of trade has increased; I attach memorandum, showing number of steamers loaded annually since 1891—the Commissioners will, of course, bear in mind that the steamer of to-day carries, on the average, fully 50 per cent. more than the steamer of 18 years ago.

(8.) *Freight Tariffs.*—I attach copy of the freight tariff, dated, Hong Kong, 1st December, 1907, applying to Hong Kong, Kobe, Yokohama, Shanghai, Keelung, Foochow, and Amoy; also freight tariff from the Philippine Islands, dated, Hong Kong, 1st November, 1907; I further enclose a memorandum of the rates of freight prevailing at Singapore and Penang.

(9.) Two of the signatories of the Conference, Messrs. Shewan, Tomes & Co. and ourselves, are primarily merchants, and in the meetings of the Conference members the advice tendered by our two firms, especially in regard to rates of freight and facilities to be afforded shippers, has almost always been accepted by the shipowning members of the Conference.

(10.) I have no reason to believe that shippers as a body are dissatisfied with the operations of our Conference; from the opinions expressed to myself by several of the shippers they are thoroughly satisfied with the Conference, they desire its continuance, and they say they would regret if they had to go back to the old days of chartering, with all the uncertainties and risks attaching thereto.

(11.) The ports of loading served by our Conference include Yokohama, Kobe, Shanghai, Foochow, Amoy, Keelung, Hong Kong, Manila, Cebu, Iloilo, Singapore, Penang, and the Malabar Coast (Cochin, Aleppey, Calicut, Tellicherry); the average number of ports of call is six; New York is our general port of discharge; we provide, in order to accommodate shippers, for a fair number of the steamers to call at Boston, and, occasionally, at Baltimore and Philadelphia.

(12.) I have read over the evidence given by previous witnesses in regard to the trade between the Far East and New York, and will be glad to give the Commissioners my views on some of the points which I think require further elucidation.

(13.) I hold no mandate from the Westwards New York Conference to represent them before the Commissioners; I appear in my capacity as a merchant, and as one of the signatories to the New York Conference Agreement.

Addendum.

Re paragraph 12 in my *précis* of evidence, the following are the matters referred to:—

Mr. Charles Schlee, in his evidence on the fourth day, pages 17-25, says: "I am taking what I might "call fair rates."

This is entirely wrong; the rates at the time Mr. Schlee referred to were distinctly cut rates; there was a very strong fight going on at that time.

The late Mr. George Lambe, in his evidence on the seventh day, speaks of 20*s.* as being the rate at which this outside steamer loaded in Shanghai; this is a mistake. The rate paid for the "Eastry" was 25*s.*; this was the figure quoted at the time of her fixture, and it is also confirmed by Mr. Schlee in his evidence. The "Eastry" was loaded at Shanghai, Hankow, and Foochow, and left the latter port on the 12th August, 1905, having on board 3,790,890 lbs., tea, the equivalent of about 5,400 tons of 40 c.ft. She arrived in London on the 4th October, 1905. This is a very large amount of China tea to throw on the London market at one time; the demand for China tea nowadays being comparatively small, importers prefer their shipments to come forward in moderate quantities, that is, part cargoes. Mr. Lambe made much of the New York firm asking him to represent them in distributing teas to come viâ New York; whilst the fighting was going on on the homeward New York berth, rates were absurdly low, and it was possible to ship to New York and forward thence to London at a cost which would be less than the London Conference steamers were asking. Tea is an article which does not improve by transhipment, and importers would rather pay an extra rate to the direct steamer, and have their cargo landed in reasonably good order, than have it transhipped, and, to use Mr. Lambe's own words, landed in bags. (Question 4242.) Mr. Lambe complains of the high rates on tea from China, as compared with those ruling in Calcutta and Colombo. The quantity going forward is everything; if you have large shipments, as from Calcutta and Colombo, a shipowner can afford to carry the tea at a lower rate. If he has to carry tea in small quantities, however, he finds many difficulties. Not many kinds of cargo may be stowed in the same compartment with tea, and a steamer may be unable to fill the vacant space in this compartment.

Mr. J. P. Maclay, evidence given on the fourteenth day, page 21, questions 9012-7, says: "The Ring is "able to charter tramp steamers at something like "21*s.* and 22*s.* per 40 cubic feet, and then charge the "shipper from China something like 35*s.*"; and further adds, "I think it is practically unknown for any "steamer to leave unfilled." The 21*s.* to 22*s.* referred to by Mr. Maclay is the rate the shipowner requires from the charterer per 40 cubic feet of grain space in his steamer; the 35*s.* paid from China (the average is much less) is for the ton measurement of the cargo. From 15 to 20 per cent. has to be allowed by the charterer for the difference in stowage between the grain space and the ton loaded per bill of lading. The clear profit of the difference, 14*s.*, is very exaggerated; some steamers to my knowledge that have been chartered at about 21*s.* to 22*s.* on the grain space have resulted in a straight loss to the charterer, though they loaded on the homeward New York Conference berth. As to its being practically unknown for any steamer to leave unfilled, I am sorry Mr. Maclay did not ask me for some information before he gave this evidence. Many of the New York Conference steamers leave their final port of loading with vacant space unfilled. Generally speaking, the amount of space is not large, say, more than 200 or 300 tons, but there are instances where the steamers have left with from 1,000 to 2,500 tons of unfilled space.

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Mr. Charles McArthur, on the twentieth day, in his statement says: The tin miners contend that any freight in excess of 10*s.* per ton is an unfair tax on their industry, and in Question 12403 he states that he does not think that (the high rate on tin) in any way affects his company's (the Straits Trading Co.) profits on the trade; the present rate of 25*s.* is only about 1 per cent. on the value of the article, and a shipowner nowadays is not (as in the old days) dependent on this tin for ballasting his steamer, and therefore he asks the shipper to pay a reasonable freight. When one considers that Singapore charges for stevedorage, wharfage, and coal have all been increased, and that greater detention than formerly now occurs in loading, and further that the expenses in New York have also increased, it cannot be maintained that 25*s.* is an unreasonable rate on an article like tin. I cannot understand Mr. McArthur's remarks on his company's profits not being affected, unless he means that in spite of the extortion of the shipowners his company has been able to maintain its dividend at the rate of 30 per cent. per annum and pile up reserve funds of $1,955,400, their paid-up capital being $2,500,000. Compare such returns with the dividends we have received on the small investments my firm have in shipping property, mostly engaged in the New York trade. Our average return on our investments during the last six years has been 9·062 per cent., and no depreciation has been provided for. My firm is also interested in the China Mutual Steam Navigation Co., Ltd., one of the Lines signatory to the Homeward (London) Conference. The return on our ordinary shares during the last six years has averaged exactly 4 per cent. per annum, but in this case depreciation has been provided for in the accounts. There would probably be more harmony between Mr. McArthur and the Conference owners if there were a more equal division of profits!

Mr. D. W. Lovell, in his evidence on the twenty-first day, page 16, question 13024, says he believes shipowners were quite content to go on with the old rates. The best answer to this remark is that several of the shipowners who had been regularly engaged in this trade found these low rates so unsatisfactory that they withdrew entirely from the loading, and employed their boats in other directions.

18777. (*Chairman.*) You say, that you represent a Line of steamers running across the Pacific; do you mean that you are the agents for those steamers?—We are the agents for the owners. It is an American Line.

18778. You were in China a great number of years, were you not?—Yes.

18779. During that time you personally attended to the shipping department of your firm, in the first place as shipping clerk, and later as manager?—Yes.

18780. In paragraph 3 of your *précis*, you state that "Arrangements were made annually in London "by Adamson, Bell & Co. (my firm's predecessors) in "conjunction with Russell & Co. (the predecessors of "Messrs. Shewan, Tomes & Co.) with the various "steamship owners then interested in the homeward "New York trade." What is the homeward New York trade?—The trade from China and Japan to New York.

18781. At that time you say rates of freight were agreed to with the different steamship owners; agreed

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to between whom?—Between Adamson, Bell & Co., and Russell & Co., and the various steamship owners then regularly engaged in that trade.

18782. Did Adamson, Bell & Co. and Russell & Co. represent, generally, merchants or brokers?—They were both merchants and loading brokers also. They did not load all of these steamers, but they agreed to the rates of freight that should be paid.

18783. Then, the rates of freight were not agreed to between the merchants and the shipowners, but between the shipowners and those two firms, who were brokers?—And who were merchants also, and who were very large shippers—at that time both.

18784. So that, to that extent, they represented the shippers?—Yes.

18785. Were freights pretty steady from that period?—Yes, as far as my memory goes. I am sorry I have no papers, unfortunately, referring to that period, which is too far back. I have to go by memory, purely.

18786. Were the sailings pretty regular?—No, they were not regular. They were as the trade warranted and as the cargo demanded.

18787. A change took place in 1889, when a great number of steamers outside the regular Lines found their way out to the Far East, and accepted lower rates?—Yes.

18788. Did they accept very low freights?—Compared with what had been ruling before, yes.

18789. Do you think they were still paying freights, or were they freights fixed for the purpose of getting into the trade?—I think that they would pay the outside owners, but not a big profit—only a very small profit.

18790. Then a Conference was formed consisting of the regular liners which lasted for about two years, you say?—Yes. All my records, I am sorry to say, have been destroyed. We moved our office about five years ago, and all the old files were destroyed at that time.

18791. There was still greater competition between 1891 and 1904?—Yes.

18792. Between 1891 and 1894 were the freights very low?—Yes; I should call them very low.

18793. Was there much fluctuation in the rates of freight?—Yes, there was great fluctuation.

18794. Was the fluctuation in the rates of freight felt by the merchants and shippers to be an evil of some magnitude?—It was objected to; it did not facilitate trade.

18795. It impeded trade, did it not?—It impeded trade; it threw another risk on the merchant which he did not wish to take.

18796. In 1904 the present Westwards New York Conference was formed?—Yes. Since I sent my *précis* in, I have found one of the original circulars of July 30, 1904, but it is the only copy we have in our office; it is virtually the same as the one I have already put in. There may be some difference in the wording, but the difference is only clerical.

18797. It is virtually the same, do you say, as the circular which is dated April 3, 1907?—Yes, it is virtually the same.

18798. Were those circulars issued annually?—Yes.

18799. As regards the Westwards New York Conference, I believe you do not wish your explanations about that Conference to be made public, do you?—I do not know about the outward Conference from New York; the Homeward Conference, Westwards, is what I am here to give evidence with regard to. I do not want the agreements published, but any questions arising, I would be very glad to answer.

18800. If it is not inconvenient to you I will reserve my questions to you about the agreements, and ask you later, confidentially, about them?—Certainly.

18801. You do not mind telling us between whom the agreement was, do you?—There is no objection to its being known who are the signatories of the agreement. The terms of the agreement I would not desire to have published.

18802. The agreement, itself, was between the Conference Lines and the brokers or agents, mainly?—The brokers or agents, that is, ourselves and Shewan, Tomes & Co. are principals, and we appear as principals. We do not declare the owners for whom we work

18803. You say, the effect of a Conference has been to raise the rates to and maintain them at a rate reasonable to both shipowner and shipper?—That is so.

18804. Are the sailings now pretty regular?—Yes, they are very regular.

18805. More regular than they were before?—Certainly. But we are not mail steamers, and, therefore, we do not sail on one day a week or anything like that. The date which is advertised, however, is the date which is kept.

18806. Are the sailings advertised some considerable time before?—Yes.

18807. How long before?—Quite a month in advance.

18808. I see you have attached a memorandum showing the number of steamers in 1901, and also a copy of the freight tariff dated December 1, 1907?—Yes. I have also here the first freight tariff that was issued in 1904, and the second one that was issued in 1906. You have the third one that was issued in 1907. These two are the only two copies in the office; if you wish I will hand them to you for the information of the Commissioners.

18809. Thank you. You have taken the trouble to read the evidence which has been given before us by several witnesses?—That is so.

18810. And in the additional *précis* of your evidence you refer to certain statements which, in your opinion, are inaccurate?—That is so.

18811. For instance, Mr. Schlee, in his evidence on the fourth day, say, "I am taking what I might call "fair rates," and you say those are not fair rates, but that they were distinctly cut rates?—They were fighting rates. Mr. Schlee continually refers to the rate to New York being so low that he could ship viâ New York to London at a lower rate than the London direct steamers were taking.

18812. Can you tell me what question that is?—He says, at Question 2392, "I have shipped tea myself "viâ New York to London, transhipping it at New "York, at a rate cheaper than I could send it to "London direct by the Conference Lines."

18813. And he goes on, "At one time the Conference "Lines used to take it optional, New York transhipped "at London for 10*s*." ?—He must have made a mistake or there must be some misunderstanding. There never was a rate of 10*s*. Then, at Question 2580, he is asked by Mr. Maddison, "And you say that you are not taking as your basis of comparison mere cut rates "—I mean during a fight," and he says, "No, I am "taking what I might call fair rates." I take exception to that; they were not fair rates, but they were very much cut rates.

18814. Then you refer to the late Mr. George Lambe, who in his evidence on the seventh day speaks of 20*s*. as being the rate at which the outside steamer loaded in Shanghai; and you say that is a mistake?—Yes.

18815. You say the rate paid was, really, 25*s*.?—Yes.

18816. That is also stated by Mr. Schlee in his evidence?—Yes. Mr. Schlee was the charterer.

18817. Then you go into the history of that particular ship, and we shall print amongst our records your statement, but I do not wish to examine you about this particular case. Then, you make an important statement, "Mr. Lambe complains of the high rates on tea "from China as compared with those ruling in Cal- "cutta and Colombo," and you say, "the quantity going "forward is everything; if you have large shipments, "as from Calcutta and Colombo, a shipowner can "afford to carry the tea at a lower rate; if he has "to carry tea in small quantities, however, he finds "many difficulties" ?—That is so.

18818. So that circumstance is a material circumstance to take into account?—It is a very material circumstance.

18819. Then comes another statement of considerable importance which you make on the evidence given by Mr. Maclay. Mr. Maclay states in his evidence that

the Ring is able to charter tramp steamers at something like 21*s.* and 22*s.* per 40 cubic feet, and then charge the shipper from China something like 35*s.* and he adds, "I think it is practically unknown for "any steamer to leave unfilled." You point out that the freight there mentioned as 21*s.* to 22*s.* is the rate the shipowner requires from the charterer per 40 cubic feet of grain space in a steamer?—Yes.

18820. Just explain to me what you mean by grain space?—The grain space is the largest space that you could possibly find in that steamer. It makes no allowance whatever for the beams, the stanchions, and the frames—in fact, it is the bulk space. If you were pouring the bulk grain in, it is that space. Virtually, it is the builder's measurement.

18821. Then you point out that the 35*s.* paid from China is for the ton measurement of the cargo, and that differs by 15 to 20 per cent. from the grain space?—Yes.

18822. You proceed to make a few remarks about Mr. McArthur's statement and also Mr. Lovell's. In your opinion, judging from your experience, is the system of deferred rebates injurious to British commerce, or not?—Not in my experience.

18823. It is not?—Not in this trade nor in any trade where I know it exists and where we are interested.

18824. Do you think it confers some benefits and advantages?—It certainly confers an advantage. It enables a merchant to sell his cargo for 12 months ahead, knowing what rate of freight he has got to pay. A large portion of the trade with China, both import and export, is done under forward contracts. It removes that element of risk from the merchant; he already has one great element in exchange, and that is quite sufficient—at least I think so.

18825. So that it ensures to a great extent steadiness of freight?—It does.

18826. Which, in the trade to China, is a matter of peculiar importance?—I think so.

18827. Do you think that ensures regular sailings?—It assists regular sailings.

18828. Is the China trade confined mainly to large merchants?—Not at all. There are a great many people interested.

18829. Is there any association of merchants?—Beyond the Chamber of Commerce, no; that is, not in the sense of an association of merchants which could meet shipowners. There is the China Association, but that has more to do with larger matters than rates of freight.

18830. Do you not think it would be useful to have an association of merchants who would, as a body or by their representatives, negotiate with the Conference?—I certainly think it would.

18831. You have no doubt about that?—I have no doubt whatever. It would be useful.

18832. After all, shipowners and merchants have to some extent common interests?—They have.

18833. It is very important for the shipowners to know exactly the opinions of the merchants?—It is important, and they should take care that they are in touch with the merchants.

18834. I do not know whether you have ever directed your attention to the following question. It is stated in a document exactly what the terms of the rebate system are so far as the obligations on the shipowners and the merchants are concerned?—Yes, that is so.

18835. But there is no document in the China trade such as exist in the South African trade which at all embodies the compact between the shipowners and the shippers; for instance, there is nothing which binds the shipowners to maintain steady freights and to have regular sailings; there is no document at all which contains the obligations, if any, of the shipowners, is there?—There is in the Singapore agreement with the big shippers, representing the majority of the trade. There is a distinct agreement there what the owners shall do.

18836. You are quite right, there is that in Singapore?—I think that is the only one instance. In the agreement amongst the members of the Conference, I think there is a clause to a very similar effect, that they shall provide all the tonnage that may be required. As a matter of fact, there is no agreement between shipowners and shippers; there is only an offer made by shipowners to do certain things, and if the shippers do certain things, the shipowners will give 10 per cent. deferred rebate, on certain conditions.

18837. Do you think it would be useful to have the obligations on the shipowners stated in some document?—I think so. I do not think the shipowners would object. You understand, of course, that I am speaking as regards the New York Conference. I am not referring to other Conferences. What I might think was good for our Conference may not be good for others.

18838. You know the effect of the system of deferred rebates, and you know how the system of deferred rebates ties and binds the shippers?—It was intended to do so.

18839. It is very effectual, is it not?—We hope so. It is not always, though.

18840. Considering that to be the object and the effect of the system of deferred rebates, do you think that the shipowner should be allowed to raise the rate of freight without consulting the merchants?—I think he should not be allowed to do it, and as a matter of fact, in our own trade he does not raise the rate without consulting. In this Conference the Hong Kong Committee arrange the rates for China and Japan, and in Singapore the Singapore Committee do that. You must understand that the Committees are formed of merchants; they are also shipping agents, that is, agents for the Lines. I think you may say that in every case the merchant's interest is above that of the agent of the steamers. They make the rates of freight.

18841. As regards the Singapore agreement, the agreement is between the agents and the Conference Lines, is it not?—It is between certain shippers.

18842. Giving certain shippers a certain advantage?—Yes, as regards the Philippines, the rates of freight are arranged from time to time in London by representatives of the Conference and representatives of the shippers.

18843. The Singapore agreement is surely a somewhat peculiar agreement. Unless I am mistaken, it gives certain merchants an advantage if the freights exceed a certain rate?—Yes, it does; but those merchants happen to be agents for vessels also in the Conference. Those merchants have the making of those rates of freight.

18844. Then it is to the interest of those merchants that the freights should be high?—I think not—at any rate not high enough to stop trade, or to interfere with trade. I think a merchant's first business is to buy and sell It would not do for him to handicap himself.

18845. Do you think his second business is to get an extra remuneration if the freights are high?—Certainly, in exchange for something.

18846. There are two agreements of that kind, one is the Singapore agreement and the other is the agreement about which I will afterwards examine you?—Yes.

18847. Supposing the system of deferred rebates were made illegal and were abolished, there would then be competition, would there not?—I suppose that shipowners would have to make some arrangement with merchants to obtain their loyal support, and if it was not done by deferred rebate, it might easily enough be done by, say, a shipowner going to a merchant and offering, "I will take your goods for three "years at a certain rate, and I will guarantee they "shall not be more than that rate, but you must give "me all your support." There will not be a rebate, but there are many ways of getting outside it. It would mean this, that the big merchant would have a very distinct advantage over the small shipper, because he would be listened to, whereas the small shipper would have to take what he could get at what was the current rate going at the time.

18848. That is to say, if the system of deferred rebates were done away with, shipowners would be able to make arangements with merchants to ensure what I may call their regular custom?—Yes.

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18849. And that could only be done by charging a less freight if they always ship with the same shipowner?—Yes, giving them some advantage.

18850. So it would be very much like the system of deferred rebates, but would differ from it mainly in this respect, that at the end of the period the merchant would always be free?—He would be free always at the end of the period.

18851. The peculiarity of this system of deferred rebates, it has been urged before us, is this, that the shipper can never get free without forfeiting his rebates?—That is true.

18852. Witnesses, of considerable experience and of undoubted ability, have urged very strongly that that is a material defect in the system of deferred rebates; I want to know whether you consider that to be a serious defect?—I think not. I think the shipowner, who is providing a regular service and running year in and year out, full or not full, is entitled to bind the shipper to him; and, provided he does not charge him an unreasonable rate, does not put rates too high so as to stop trade, he is entitled to tie him.

18853. That leads me to a question which I do not think I have put to you definitely before. Bearing in mind the character and effect of the rebate system, do you think that the shipowner should be at liberty to raise the freights without the consent of the shipper?—I think that he should not be at liberty to do so without proper notice. In our own case, that does not arise, because we do consult the shippers. I will not say we consult every shipper, because we could not do it—that would be physically impossible; but we consult the main shippers, we agree with them in the raising of rates, and we agree with them in the lowering of rates—we have instances both ways. In the lowering of rates the drop has had to take effect immediately, whereas in the raising of rates a long notice, in some cases running over even four or five months, has had to be given. I hold that the shippers, generally, are satisfied with our Conference, because they are consulted.

18854. (*Sir Alfred Bateman.*) I think you say that you are primarily merchants?—Our main business is as merchants.

18855. Is your interest more that of a merchant than that of a shipping agent?—Yes, it is more that of a merchant than of a shipping agent.

18856. In these matters of freight, you are rather a go-between between the merchants and the shipowners?—I think so; that is the position I always consider we hold.

18857. Still, in addition to what you say, the shipowners in the Conference receive representations from people who are pure shippers, and have no interest in shipowning?—Yes, they do.

18858. You say, in paragraph 7, "The effect of the "Conference has been to raise rates to and maintain "them at a figure reasonable to both shipowner and "shipper." Were most of the rates raised when that Conference was formed?—I think not all of them. A few were certainly raised; tea, for instance, which had been lowered to something like 15*s.* per ton, was raised to 30*s.*

18859. And then tea went down to 20*s.*?—In the first year of the Conference there was opposition, and it was lowered again, and tea was carried at 15*s.* to 17*s.* 6*d.*

18860. Did you charge the same rate to all shippers, large and small?—Yes, certainly. There is only one rate to all shippers.

18861. Do you make any contracts?—We make no special contracts, that is, no lower rates; of course, we make lots of contracts.

18862. But all small shipments you charge the same rate, and you do not allow what are known as blanket bills of lading, do you?—No. They are not used in our trade, because they are not needed.

18863. So the need for them does not arise?—No. There are no shipping agents of that nature who would need to employ a blanket bill of lading. The merchants themselves make their bills of lading out, and they do not hand their stuff over to a shipping agent and send it to him to make up a car-load, or anything of that sort.

18864. Are these two or three tariff rates that you have been so good as to put in, available to anybody; are they published?—Certainly.

18865. You make alterations from time to time in them; are those known?—Yes.

18866. They are not kept either from your competitors or their shippers?—No. They are not published, but they are printed and given to shippers, so that they know without coming to ask us what the rate is. Of course, they could telephone to us, or they could come and see us if they wanted to obtain refusal of space, in order to make forward contracts; but they do know the rate of freight.

18867. I think you spoke just now about giving notice of changes; I see in one of these tariffs the freight, China to New York, viâ Suez Canal, is subject to change without notice?—That is so, but, as a matter of fact, in practice notice is given.

18868. You have the right not to give the notice?—We have the right to do it, but, as a matter of fact, notice is given.

18869. As a matter of fact, you do not avail yourselves of the right?—That is so.

18870. But you reserve the right, as far as you can?—Yes. It may be necessary to use it; we might have to meet opposition.

18871. On the whole, you think that you give satisfaction to your customers?—I think so. There are very few grumbles that I ever hear, and I would be likely to hear all that did come.

18872. (*Professor Gonner.*) I see in paragraph 10 you say that the shippers, in your opinion, are thoroughly satisfied, and "they would regret if they had to go "back to the old days of chartering, with all the un-"certainties and risks attaching thereto." I suppose there is a good deal of risk attaching to chartering in the East, is there not?—A great deal of risk.

18873. You instance here, in answer to Mr. Maclay's comment, that ships very often go unfilled; I suppose that would be the case with chartered ships?—That is so.

18874. If you take the days of chartering, do you think there would be a considerable percentage of the space unfilled as a rule?—In the loading of chartered vessels?

18875. Yes—would you get a fair amount?—I think as a rule a man would not charter until he saw his way to obtaining a full cargo, or nearly so.

18876. But then he might have to keep the ship for some time?—He might have to keep her on demurrage.

18877. So there is a good deal of trouble and a good deal of risk attaching to it?—There is always, in chartering, a good deal of trouble.

18878. Did you charter?—Yes. We have been charterers in years gone by, but not recently.

18879. You did not find it a satisfactory system?—Not at all; it very often ended by our having to buy cargo in order to fill the ship.

18880. Really?—Yes, and that is the worst thing that could happen if you were a merchant.

18881. I suppose sometimes, if you charter at a particular rate, you have to fill up at a lower rate?—You may have to fill up at a lower rate.

18882. Would that take place in the East at all?—Yes. It has done so.

18883. On what ground do these particular merchants, the favoured merchants in the Straits, receive their additional percentage?—On the ground that they were in the habit of loading.

18884. Chartering?—Chartering, and they maintained that they could make a profit out of it.

18885. Your evidence is rather to the contrary?—I am speaking for China and Japan; I am not speaking for the Straits specially.

18886. I thought you did work the Straits?—We are not merchants in the Straits. In the Straits we have no firm of our own.

18887. Are you not steamship owners in the Straits?—We have agents who represent us but we have no firm of our own in the Straits.

18888. You do not wish to give any evidence on that particular point, do you?—I believed from what was said that the merchants could make money out of it.

18889. We have had a good deal of evidence, as you have read, from the Singapore trade about this 5 per cent. which the favoured merchants have?—Yes, you have had Mr. Shelford.

18890. I see that that is carried out also in the New York trade?—Yes.

18891. If the trade of chartering is attended with so much difficulty and so much risk I do not see why they demanded this consideration?—They said that they had made profits, and we had no reason to believe that they had not done so.

18892. Still, you have given us a good many reasons to doubt whether the profits were large?—Certainly. From China and Japan it is very much more difficult to get a full cargo than it is, say, in the Philippines and in the Straits.

18893. Still, you think that that 5 per cent. special commission arrangement is open to a considerable amount of objection?—Yes, certainly I do.

18894. You would not, if you were going into a trade, beginning trade, say, recommend that as a method to adopt, would you?—Certainly not. I should like very much indeed to see it abolished.

18895. Do you think there is any possibility of its being abolished in that trade?—I think not; I think the merchants are too strong.

18896. These particular merchants?—These particular merchants are too strong; they are able to insist on it.

18897. And the shipowners cannot break it down?—No.

18898. You said, in answer to the Chairman or Sir Alfred Bateman, that you thought the system was a very desirable system, provided the tie was a justifiable one, and provided that the shipowner does not charge the shipper an unreasonable rate. I quite agree with your proviso, but who is to judge whether the rate is reasonable or unreasonable?—I think a merchant must look as it in this way: The merchant wants to make money, and he must not expect to make it all himself; he must allow the shipowner to make some. Very well, then he must, in the trade that he is trying to work up, arrange that they shall both make some money.

18899. Who, under your system, decides whether the division is a reasonable one?—I think I know what it costs a shipowner to run his vessels.

18900. Yes, but then you happen to be in the happy position of being both, if I may call it a happy position to be a shipowner. You used the phrase, "If he does not charge him an unreasonable rate"; one can quite accept that if one is assured that the question whether it is a reasonable or an unreasonable rate is correctly assessed; but you propose it should be assessed by one party to the bargain?—I have not. I propose that it should be made by both—by merchant and shipowner.

18901. How is that practicable?—As a matter of fact it is so in our own case.

18902. In your own case it happens to be quite true, but in most cases you know, it would not be so?—In our case we have a comparatively small body of merchants to consult, perhaps, 20, at the outside, at any of the ports, and, probably, 10 would represent the number really needed to be consulted. So it is not so difficult to consult them.

18903. In that case not, but, as a rule, how is it?—If you have got a large body, as in London, or, taking it for the United Kingdom, you must have a merchants' body or committee.

18904. Even if you had a Conference, even if you had a merchants' committee, there is always the possibility that they would disagree?—There is.

18905. What do you propose? Who is to determine which is reasonable and which is unreasonable?—I think trade would very quickly determine that. If the shipowner puts too high a rate on the cargo, he stops trade.

18906. Certainly, if the rate goes beyond certain limits; but we must always remember, in fixing a price between a vendor and purchaser, in any commodity, there is a certain debateable area. There is the difficulty. Do you propose to settle it within those limits? I only want to hear from you what you would suggest. You say it is not to be an unreasonable rate?—I do not see how it can be settled like that. I do not see that you can legislate, or attempt to legislate for shipping in any way differently to what you would for me as a merchant. You must not tell me that I am to buy and sell on certain conditions—that would be very foolish; and the shipowner in the same way must be allowed to be the deciding party. If the shipowner finally says, "No, I will not carry this "stuff, it does not pay me, and I must have a certain "rate," that must be accepted.

18907. When you say that the rate must be a reasonable rate, do you propose that in the last resort the shipowner shall be the judge as to whether the rate is reasonable or unreasonable?—Yes, it would have to be the shipowner.

18908. You have not any other suggestions you could make to us?—I think not.

18909. There is just that other point you were speaking about, namely, the system of contracts. Have you any experience of a trade in which there is not a deferred rebate system, but in which the trade is run on a contract system?—No, I have no experience of that. I believe the Calcutta trade is run on that basis, but, then, we have no business to do with Calcutta.

18910. In any of the trades with which you are concerned, the rebate system holds at the present time, does it not?—Not in the Pacific; there is no rebate in the Pacific.

18911. Are you trading in the Pacific?—We load steamers across the Pacific in connection with the Northern Pacific Railroad Co. of America.

18912. You load steamers from where?—From Hong Kong, China, and Japan.

18913. To what ports?—To Tacoma in Puget Sound. Tacoma is the terminus of the railway Co. The Lines crossing the Pacific have an understanding that they will maintain rates and there is no rebate.

18914. Is it a large trade?—Very large, indeed.

18915. What are you loading, mainly?—Tea, principally. They carry more tea across the Pacific than the Suez Lines carry—much more tea. The Suez route carries a very small proportion now.

18916. You are carrying tea, and there is practically no rebate system and no contract system at all?—That is so.

18917. There is a certain understanding as to what the rates should be, is there not?—The various Lines meet; they have their bureaux and they call them together, and they agree rates of freight, and those rates of freight are adhered to.

18918. Is there not a formal agreement as to them?—No; and there is no penalty.

18919. Is that trade satisfactorily worked?—Yes, I think so.

18920. Is it regular?—Yes.

18921. Is there sufficient tonnage?—There is far too much.

18922. They are good vessels, I suppose?—Yes, they are very fair vessels.

18923. Vessels for carrying tea have to be vessels of a high class, have they not?—They have to be better than the ordinary cargo boat.

18924. And yet that rather satisfactory service is maintained without a rebate system?—It is only just recently that it has been maintained in this way. Prior to that, there were very heavy private rebates.

18925. But not deferred rebates?—Not deferred rebates; they were secret rebates which were infinitely worse.

18926. But now there are no rebates, you think, of any kind?—Except in one case.

18927. Taking it as a rule?—Not as a rule. There is only one Line, I believe, which is an offender now.

18928. Is this a trade in which there is any passenger service?—Yes.

18929. To any extent?—Yes.

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18930. Would that, do you think, counterbalance the absence of the rebate system? Mr. Sanderson, in giving us evidence to-day, pointed out that in the Atlantic trade from the United Kingdom the passenger element counterbalanced that a great deal?—This private rebate, this secret rebate that I speak of, is given by one Line. The other Lines do not give any at all, but they all maintain the rates of freight. One Line for its own purpose gives the rebate.

18931. And yet you get quite a good service?—A very fair service.

18932. This is the first time I have heard evidence of this. Does that not rather militate against the argument that a rebate is necessary to secure a good service?—I believe every one of those Lines are losing money, at least, I am told so.

18933. But you are not in that business?—Thank goodness I am not! I am not a shipowner interested in it.

18934. How long has it been carried on without rebates?—Ever since it started.

18935. How long is that?—I think you can go back to about 1870.

18936. Have they been losing money since 1870?—No, not at all; but recently there has been great competition, and there has been a great increase in the tonnage—a far greater increase than the trade warranted, and so everybody has lost money, I think.

18937. Do you attribute that loss of money to the absence of a rebate system?—Certainly not.

18938. Would you say it has nothing to do with it?—Yes.

18939. The same Lines have been in the business from the beginning, I suppose, more or less?—No, it has gradually grown.

18940. And new Lines have come in?—They have gone in.

18941. They might have been kept out, perhaps, if there had been a rebate system?—Possibly, they would; I should think they would—which I should not mind as long as they did not keep us out.

18942. Are the Lines that are in it large Lines?—There is the Pacific Mail, and the two Japanese Lines—Toyo Kisen Kaisha, and the Nippon Yusen Kaisha.

18943. Does not the Pacific Mail carry a good large number of passengers?—Yes; but their boats are very large, and they carry a lot of cargo.

18944. In their case, for instance, would the passenger element entirely outweigh considerations attaching to freight?—I think that freight is the element they have got to look to first for their earnings.

18945. Is that so with regard to the Japanese Lines?—It is certainly so with regard to the Japanese Lines; the passengers do not amount to very much with them.

18946. (*Mr. Owen Philipps.*) Is not the Pacific Mail owned or controlled by a railroad company?—Yes, the Union Pacific.

18947. Therefore, it is hardly a criterion?—No. They are almost all controlled by railway lines.

18948. (*Professor Gonner.*) Do you say that nearly all these Lines are connected with the railway?—They must be; they cannot exist without it.

18949. (*Chairman.*) Has that trade suffered by reason of the absence of the system of deferred rebates?—From a shipowner's point of view, yes.

18950. Why?—Because a great deal more tonnage has come into that trade than the trade warrants. New Lines have been put on, and bigger steamers have been put on—more than the trade requires.

18951. (*Mr. Owen Philipps.*) Did not one of the American railway men announce the other day that owing to bad results they could not go on replacing big steamers?—That is so.

18952. (*Professor Gonner.*) Still, this has gone on for some time?—The increase is not very old.

18953. The increase is a modern thing?—Until 1886, there was only one Line across the Pacific. When I say one Line, I mean the Pacific Mail; but the Pacific mail embraces some of the White Star boats, I think, and for some time they had some three of their boats; but, running to San Francisco, there was only one Line. Then there was the Canadian Pacific, which started in 1887, and has run ever since. It runs to Vancouver. Then there was the Northern Pacific, which began in 1891; then the Nippon Yusen Kaisha came in, and then there was a certain Line in connection with Harriman's Road—the Union Pacific running into Portland, Oregon; and, subsequently, Mr. Hill put on his big vessels.

18954. This particular business has never had a regular system of deferred rebates, has it?—Never.

18955. But there used to be, you say, a system of private rebates?—Yes.

18956. And that has been dropped?—Yes.

18957. (*Chairman.*) When did that cease?—The private rebates ceased about two years ago, when the Inter-State Commission became active.

18958. Until two years ago, the system of private rebates prevailed?—Up till then, yes.

18959. And now they have ceased?—Now they have ceased, owing to the action of the Inter-State Commerce Act.

18960. (*Professor Gonner.*) But they were never deferred rebates?—They were never deferred.

18961. They were discounts given to private people, were they?—They were deferred in this way, that these rebates were only paid at the end of a season or at the end of a year.

18962. But they were not deferred in the sense in which we are speaking here?—No; they were not withheld for bad behaviour or anything of that sort.

18963. (*Mr. Sanderson.*) The service which you have just mentioned, across the Pacific, is, and has been, controlled for years by the great American railway companies and Canadian railway companies, has it not?—That is so.

18964. So that in reality, the question of deferred rebates could not be a vital one there?—No.

18965. The goods were forwarded great distances by rail and were then handed to the steamship companies?—Yes.

18966. So it was a railway and steamship company combined?—Yes.

18967. Therefore, it is not quite a parallel case to what we are considering here?—No, it is not.

18968. You told the Commission that it has been your practice to give notices of proposed advances in rates of freight?—Yes.

18969. When there was a case of a reduction, obviously that would come into effect immediately?—Yes.

18970. Do you mean to say that you would be willing to give a notice of four months on the rise of a rate? If, for the purposes of competition, you had been carrying, as you said you had done at 15*s.*, and you were going to put the rate on its present basis of 35*s.*, would you notify the shippers that four months hence that rate would be raised to 35*s.*?—I think it would not apply in tea, but it does apply in other cargo. Tea is not an article that you can sell forward; you do not make forward contracts in that.

18971. Are there many articles in this particular trade which could be sold forward?—In the Straits and in the Philippines there are, and, to a minor extent, in the China trade there are articles that are sold forward for six months' periods.

18972. Would you mention some particular article, for instance?—Take hides and wool.

18973. Wool comes in big quantities, does it not?—Yes. It is mostly camels' and sheep's wool coming from Mongolia. In all those cases a man very often sells his produce for delivery, say, next November, and he wants to know what his rate of freight is going to be.

18974. That is undoubtedly a very special case?—Then, hemp and sugar are sold forward very largely indeed.

18975. On the termination of a fight, such as you had in your trade, when you were carrying cargo at ballast rates, or whatever it might be, obviously on the return to normal conditions there would be an advance of 30, 40, or perhaps 100 per cent. Would you notify to shippers then that you would wait four months before increasing certain rates?—I can only

tell you what happened in the case of Singapore. When that fight was on in 1904, we were carrying freight from there at 7*s.* 6*d.* per ton, which was necessarily a frightful rate. We had to carry, and we did carry for perhaps four months after that, at 7*s.* 6*d.*

18976. After the fight was over?—Yes. Every merchant who could bring us proof that he had sold cargo in advance on that rate, we honoured that bargain. We tried to bind those merchants to us by treating them very well, and I think they saw that they had been treated very well. We have had no grumbling since, except from one man.

18977. I have been in a few fights myself, and I know we do that; but that is not quite an answer to my question. I wanted to get into my mind clearly what was really a fair notice of advance in rates, and whether you would make any difference between a notice immediately subsequent to a war of rates, and a notice of a purely normal rise following the law of supply and demand, of 2*s.* 6*d.* or 5*s.* per ton, as the case may be?—We should make a difference, undoubtedly.

18978. (*Sir John Macdonell.*) In your view, I take it the only alternative to the system of deferred rebates would be a system of contracts?—Forward contracts, covering a long period.

18979. I think you draw the conclusion that if that system were in existence, it would be unfavourable to the small man?—Undoubtedly.

18980. Would there not be competition for his custom? Would there not be in all probability ships that would offer him fair terms if the regular Liners were offering him only exorbitant terms?—If he is only a small shipper, how is he to prevail on an outsider to come in? I do not like the word "tramps"; I never use it. I always speak of outsiders. How is he to prevail on the outsider, and how is that outsider to come in, if he cannot get enough support to give him a full cargo?

18981. That answer would be conclusive, to my mind at all events, if there was only one small shipper, who stood by himself; but in all probability there would be a considerable number of small shippers?—That is so, but their whole shipments would not amount to much. They would not amount to such a figure that they would be enabled to load an outsider.

18982 Do you not think it would be possible, at all events in certain trades, to get the main advantages of the Conference system if there was an understanding or agreement between the Lines which were members of the Conference, that they should not ship under a certain level of rates?—On whom would that be binding? Is it to be binding on all shippers?

18983. I am putting it to you as a question, and not in any way stating it as a fact. Would not the advantages, so far as the shipowners are concerned, be got if they, among themselves, entered into an agreement that they should take only a specified rate, 20*s.*, 30*s.*, or 40*s.*, as the case may be?—I confess I do not quite understand the question; I am sorry.

18984. It is no doubt my fault. You consider one of the effects of the rebate system is that it prevents needless and injurious competition among shipowners?—That is so.

18985. I am putting it to you whether or not that advantage and the other advantages which you specify would be got if all the members of the Conference agreed to settled terms of freight, and carried out their agreement?—If all the shipowners agree, then who is to bind the shippers that they will support them, and not assist outsiders? My experience goes to prove that the shipper, unless he is bound, will not be loyal, and that he will break away.

18986. Anticipating that answer, I now ask you whether, in the case of the Pacific trade, there has been such an agreement as I put to you? Have outsiders come in?—They cannot come in, because of the railways. You must have the railway connection, and the outsider must have the railway connection.

18987. (*Mr. Owen Philipps.*) Is it not the case that the goods come from a great distance—from the centre of America—and that the railway brings them to the seaboard and puts them on board their own steamers, and nobody else can interfere?—Yes.

18988. (*Sir John Macdonell.*) Is it your point that what is true of the Pacific trade would not be true of any other trade which is not controlled by railways?—In this case of the Pacific trade, the railways control the situation. *Mr. G. B. Dodwell.* 31 *Mar.* 1908.

18989. I take it that in your view what is true of that trade would not be true of other trades?—Certainly not, if there was an absolutely free market.

18990. Have you, as a loading broker, or otherwise, any power to give special rates?—No, we have no such power. We are bound by certain rates, and cannot do it, unless we do something that we have no authority for.

18991. Supposing that some customer offers a large quantity regularly, is there any understanding or agreement as to what terms of abatement shall be given to the customer?—None whatever. If a very large quantity were offered, there is no doubt whatever that it would be immediately communicated to all the members of the Conference, and it would be discussed whether the shipper should be allowed a lower rate.

18992. That matter would be brought before the committee?—It would be brought before the committee at once. The committee is a small one. Hong Kong is not a big place, and their offices are all close together.

18993. May I take it that no such terms as I am indicating are granted without the members of the Conference being consulted?—That is so.

18994. In your view, a rise in freights should not be allowed until notice has been given?—That is so.

18995. You indicated, I think, a period of four months as a reasonable period?—As an outside one, not an ordinary one. That was the maximum.

18996. Then you drew a distinction, which I am not quite sure I followed, in answer to Mr. Sanderson's question, between articles as to which forward contracts were customary and articles as to which such contracts were not customary?—Yes, that is so.

18997. To which class would the notice be applicable?—To those where forward contracts were the custom.

18998. And that is not true of tea?—Not of tea.

18999. But it is true of such articles as wool?—Yes.

19000. Would it be true of what I may call all season trades?—It is true of the Straits trade—sago, tapioca, gambier, jelotong, the gums, and pepper. Almost all those articles are sold long distances ahead—months ahead.

19001. Do you think it would be only reasonable that notice would be given?—Yes. The merchant should be protected in what he had done on the faith of the rate being so-and-so.

19002. What would be your opinion of a Conference system under which no such notice was given and under which changes took place without merchants being consulted?—I think the merchants would have a just cause to grumble.

19003. In your view, that would be not a just thing?—I should grumble as a shipper and a merchant very much if they jumped rates on me suddenly, without giving me fair notice.

19004. It has been suggested by more than one witness that in practice the system of giving notice would be found very inconvenient, inasmuch as shippers, when a rise is about to take place, would bring forward their cargo?—It would have a little effect in that way. Some people would strive to get all their cargo shipped before the advance took place.

19005. But do you think from your long experience that that would be a serious objection?—It would not be very serious; but it might be troublesome in this way—that everybody would want to ship, and you might have to get more tonnage put on at a time when you had not the tonnage handy, and later on your steamers would be going empty.

19006. But you do not think that would be very serious?—For a little while it might be, until the trade recognised the increase.

19007. You spoke rather emphatically of the desirability of having some body of merchants who could be consulted?—I think it would be desirable.

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19008. I think you also added that the China Association did not fulfil that object?—No. I have never heard of any question of that sort being addressed to them, and I have been on the committee for a good many years.

19009. Have you formed, in your own mind, any idea of what this representative body should be? Have you any scheme in your mind?—None at all, because we have not had occasion for it.

19010. (*Chairman.*) You are prepared to hand to us, confidentially, two documents, one a memorandum of agreement between the New York Conference and certain merchants engaged in the trade to New York, and the other an agreement between the shipowners themselves, I think?—The second one is an agreement between the syndicate or the Conference and some of the shippers.

19011. Mr. Holt has been examined here, and has given evidence as to what is called the secret agreement made in reference to the trade from Singapore to the United Kingdom. The documents you hand in relate to the trade from Singapore to the United States, do they not?—That is so.

19012. Mr. Holt at first desired that the agreement which he put in should be treated in a confidential manner, but he afterwards came to see that most of the terms were known and, therefore, he ceased to object to the publication of the agreement. Do you think there is any reason why these agreements that you put in should be kept secret?—I have not consulted anyone else. I have not even told one of the signatories that I have sent this in to you. Therefore, I would hardly likely to say, "Publish it," without first making inquiry.

19013. Will you inquire and let us know afterwards?—I have done this on my own responsibility, as I preferred that you should know everything. I will certainly ask them, and if they have no objection it shall be published. That is as regards the Singapore and Straits Agreement.

19014. Until we hear to the contrary, we shall treat those two documents as confidential, but we hope that you will obtain permission to publish them?—I will try.

19015. There is really nothing in the agreements which should prevent their publication, I think?—I personally do not mind their being published tomorrow.

19016. (*Mr. Owen Philipps.*) The other one is already published?—I have never seen the other one.

19017. (*Chairman.*) It is almost identical with yours; there is scarcely any difference?—I think they are the same parties that drew these up.

19018. (*Professor Gonner.*) This is drawn on the same basis as the one for the United Kingdom?—There may be one or two clauses which differ. There is one clause I know in this that I put in, which refers to the arrangements with three other firms.

19019. In preparing these they no doubt had a draft of the other one, which is the older one, before them?—I expect this was really got from the Straits people. I did not sign it myself; it was signed by Mr. Dermer.

19020. (*Chairman.*) In the agreement between the New York Conference and certain merchants engaged in the trade in New York, the main stipulation is, that "In all places where the average or the gross "rate of freight is mentioned in this agreement, the "rate intended is the gross rate earned by the steamer "herself for carrying the cargo from the Straits to "her port or ports of delivery in the United States, "all arbitraries paid to connecting carriers having "been firstly deducted." What are "arbitraries"?—The expenses you have to pay to the on-carrying vessel or the on-carrying railway. If you take the cargo to a destination beyond what one has come to, that is an arbitrary; and, again, if you receive cargo at, say, Singapore which originate at Bangkok, there is an arbitrary. It is an American term.

19021. Then. "When the average rate of freight in the Straits for general cargo, tin excluded, amounts "to 27*s.* 6*d.* or over per scale ton, the United States "Conference steamship owners shall pay into a com-"mon fund in London 5 per cent. on the gross amount "of freight secured from goods loaded in the Straits," and so on. That is almost identical with the provision in the other agreement, I think?—Yes, it is.

19022. (*Professor Gonner.*) You do not know how it is shared, do you?—No, I do not.

19023. (*Chairman.*) I suppose there is no arrangement?—I do not know.

19024. In the other case there was no arrangement, and it seems to have been left to a firm of merchants to distribute?—It is left to Boustead & Co. to distribute, but in what proportions I do not know. I judge from what has already been given in evidence, that the division varies.

19025. (*Professor Gonner.*) Are Boustead's the most important people?—Yes. They are very large shippers.

19026. (*Sir Alfred Bateman.*) I want to direct your attention to the ninth paragraph in this agreement, which is in these terms, "The United States Confer-"ence Steamship Owners shall be entitled to pay to "three firms, other than those recited in this agree-"ment, a commission not exceeding 5 per cent. on their "shipments, on the same conditions as apply to the "freight agents." To whom does that apply?—They are three firms, not here, who had been supporting one of the Lines of steamers parties to this agreement. I think we never could get it, but we always believed that they had been in the habit of giving them a special rebate in order to get their support—this was before the Conference. At any rate, this Line, I will not mention names, insisted that their friends must be protected; so in order to protect their friends this was inserted. It was not agreed to by the other firms with a good grace, as they did not want it. Of the three firms mentioned there, two of them are amalgamated with other firms in Singapore, and the other one has gone out of business, so that the clause no longer applies.

19027. It does not exist?—It does not exist now, but it was operative for a time.

19028. (*Chairman.*) Now I come to the other agreement, which is called the Westward Agreement. That says: "It is desirable to prevent competition for "the same cargo among the representatives in the "Far East of the signatories hereto, and also to pre-"vent their steamers from clashing while loading. It "is therefore agreed as follows:—(1) That the rates of "freight to New York and/or other ports on the East "Coast of the United States of America from all "ports east of Singapore shall be controlled and de-"termined by the agents in Hong Kong, who shall all "work together for this purpose." Do they fix freights?—They fix the rates of freight.

19029. Do they consult the merchants?—They do. They are merchants themselves—all of them. You will see, later on, a list of them.

19030. (*Professor Gonner.*) Do they not have to submit the rates home?—No, as a matter of fact they are not submitted home; but naturally the head body is in London, and they could, if they chose, overrule them.

19031. (*Chairman.*) Who can?—The London body, the owners.

19032. (*Sir Hugh Bell.*) The shipowners?—Yes; they could.

19033. (*Chairman.*) I want to know about the agents in Hong Kong. Do those agents get commission from the shipowners?—Yes. The agreement provides, I think, that they are to receive a commission for loading.

19034. So to a certain extent it is to the interests of the agents that the freight should be high?—Yes, to a certain extent.

19035. (*Sir Hugh Bell.*) As long as it will keep the trade?—As long as it does not stop the trade or does not decrease the trade.

19036. (*Chairman.*) Are the agents large merchants?—You will notice that they are very big people. There are Germans; then there are Jardine, Matheson & Co., who are a big house——

19037. There is a list given in clause 16; are they all important firms?—Yes. You have the Hamburg-Amerika agent, but he only represents about two sailings in the year, which is of no account, and so his vote is very small. Then Carlowitz & Co. are very big people; Jardines are the big house in China and

Japan; then there are ourselves; then Shewan, Tomes & Co.—they are big people; then the Standard Oil Co.—they are not merchants, of course; and then you have Arnhold Karberg & Co., a very large German firm.

19038. Then, similarly, "The rates of freight from "Singapore and Penang shall be fixed and altered by "the agents at Singapore"; who are those agents?—Behn, Meyer & Co., who represent the Hamburg-Amerika, the Union Steamship Co. of Hamburg, and Roydens; then there are Paterson Simons & Co., who represent ourselves; and Gilfillans, who represent Shewan, Tomes & Co.——

19039. Are they all merchants?—All those are very big merchants. Then there is the Standard Oil Co., Boustead & Co., and Huttenbach Bros. & Co.

19040. (*Professor Gonner.*) All these people are also in the other agreement, are they not?—Yes, all of them, with the exception of the Standard Oil.

19041. (*Sir Alfred Bateman.*) Would they be more interested as merchants or as shipowners' agents?—As merchants, undoubtedly.

19042. (*Chairman.*) Much more as merchants, would they not?—Much more. The commissions they receive on their shipping must be something very small, comparatively.

19043. So their interest would really be to keep freights low?—Yes.

19044. I mean reasonably low?—Yes. My own policy has always been this: I maintain that as long as another shipper is not getting a better rate than myself, I ought to be able to compete with that man; and as long as my competitor does not get a cheaper rate than myself I am not spoiling my business. I can tell if the rate of freight is going to be so high as to stop the business.

19045. (*Professor Gonner.*) Of course, they would not get their 5 per cent. unless they kept the rates above 27*s.* 6*d.*?—That is in reference to Singapore only; that does not apply elsewhere.

19046. In Singapore they would not?—They would not do so there.

19047. In paragraph 7 you give the names of the firms who have loadings; they do not all load their own ships, for you and Shewans do not, I understand?—No; Shewans and ourselves are not shipowners. We have various shipowning friends, and we load their steamers.

19048. What is the particular purport of this: "The Anglo-American Oil Co. to confine its loadings "as far as possible to its own steamers"?—They applied and forced themselves in to receive eight loadings, and they could not, with the steamers they had at that time, give eight loadings a year. We did not want them to load other people's steamers, and they did not load other people's steamers.

19049. If they have not enough steamers of their own, then they have to load other people's, have they not, if they are to use their sailings?—These people did not load seven the first year.

19050. Then practically this is an instance where you do in agreement have a definite allocation of the sailings?—Yes.

19051. I suppose you would consult quite definitely as to the dates on which the respective sailings are to be taken?—That is all arranged by the committees.

19052. As a matter of fact, has there been considerable economy achieved since this agreement was drawn up, because, I suppose you were trading prior to this agreement, were you not?—Yes, certainly.

19053. Have you noticed that there has been an economy in the shipping arrangements since then?—There has been a distinct improvement in the rates of freight obtained and in the net earnings of the vessels.

19054. (*Mr. Owen Philipps.*) Have you not been able to fit the number of steamers to the requirements of the trade better?—We have been able to arrange better than before. Sometimes we had a crowd of them; no one would give way, and everybody tried to force his boat, with the result that there was generally a fight.

19055. (*Professor Gonner.*) Looking at this matter quite with an unprejudiced eye, you really would say, I suppose, that taking an arrangement like this you are able to give a very much better service owing to economy in the allocation of the service, and so on?—I think the steamers which are loaded are better than the ordinary outsider, and, therefore, they should be better paid. In a trade like this, one would have to load on an average at six ports, and it is an awful trouble to the officers to arrange all the stowage. You have got all sorts of cargo which must not be stowed in the same compartment. Therefore, you need men who are specially conversant with the trade. It is much better, consequently, to have regular Lines than to have outsiders coming in there with men who are absolutely ignorant, and who land their cargo damaged because they do not understand about stowage, and put wet cargo on top of dry, or smelly cargo along with tea; and then the consignee in New York has all sorts of difficulties in trying to get a claim out of the shipowner.

19056. What I was more particularly directing my attention to was this: The object of an arrangement of this kind, which is a sort of pooling arrangement, is to achieve a certain economy, so that you can give a better service without having to increase your rates?—Undoubtedly; and we can do that.

19057. In your experience has that been successful?—It has been, and it certainly would be.

19058. You consider it really has been able to achieve economies?—We have economy, particularly economy of detention; instead of the long delays, the vessels now get pretty prompt dispatch.

19059. Are your vessels fuller now?—No, I think they are more empty than before; because we insist on sending them away to date; previously, they would wait.

19060. You did not send them away to date before, then?—No, not regularly before the Conference.

19061. Is this agreement subsequent to the Conference?—Yes, it is dated September, 1905, and the first Conference agreement is dated April, 1904.

19062. So that it was very shortly after?—A year after—after a year's fighting, and very costly fighting.

19063. There ought not to have been any fighting after there was a Conference?—That was because these merchants would not join; and they did not till they were paid to do so.

19064. (*Sir John Macdonell.*) I understand the scheme of the agreement is, that the parties to it should be the leading shipping Lines, the leading merchants, and the leading shipping agents?—Yes.

19065. You are one of the parties to the agreement, so you can tell me this, perhaps: Are you free to bring in any ships of any Line that you may please to name?—As a matter of fact, we are not limited.

19066. Provided you do not exceed your number of sailings?—As a matter of fact, we have confined the loadings to certain owners who have been in this trade for many years.

19067. But you are free to employ any ships that you may think fit, provided you do not exceed your number of loadings?—Yes.

19068. One provision of the agreement, as I understand it, is a limitation of the number of loadings?—Yes.

19069. I suppose that is an essential feature of it?—The way the proportion is arrived at, the division of the trade, is.

19070. I quite understand that there must be a division, but is it necessary that there should be a strict limitation of the number of loadings?—Pardon me; though apparently we are to load 15½ out of 46—those refer to the loadings per annum—it was found that that would not work. We might load the 46 in 10 months, or we might take 14 months to load the 46. So we simply go by series. As a matter of fact, we load about 46 a year, or 48 a year.

19071. Do I understand that the strict terms of Article 7 of the Westward Agreement, which contains the basis of the loadings, is not adhered to?—It is adhered to.

19072. Is not the effect of that necessarily to diminish the sailing accommodation for merchants?—It is adhered to in the matter of divisions, I should say. We can increase the sailings, and send 100 in the year if the trade warrants. Originally, it was on

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the basis of 46 loadings per annum, but the "per "annum" has since been modified.

19073. (*Mr. Owen Philipps.*) It is percentages now, I think?—Simply percentages. We load 46, and then we divide this 46 up, and then start a fresh series.

19074. (*Sir John Macdonell.*) Let me call your attention to Article 19 which runs thus: "That no steamer "shall carry more than a total of 6,000 tons of weight "and/or measurement from Japan, China, and Hong "Kong, except by the consent of all the parties in "Hong Kong." Is not the tendency of that to lead in some instances to a waste of space, and not to the economy about which Professor Gonner asked you?—When this agreement was made up, everybody preferred to carry China or Japan cargo, because it paid them; it was necessary, therefore, to lay down some rule that the shipowner should not try to fill his steamer entirely from China and Japan, but that he must carry some of the cargo from the Straits, or from Manilla, as the case may be. That, really, in practice has not been enforced in any way.

19075. But the object of it was that he should not take his whole cargo from China and Japan?—Yes, he was not to pick his cargo; in fact he must take the bad along with the good.

19076. In the former agreement there was, I believe, a provision to this effect: "That in order to preserve "the trade as far as possible for those recently and "now supplying it with tonnage, it is considered neces- "sary that shippers should be bound to them by a "system of deferred rebates, made payable to the "shippers in the Far East, so as to avoid raising "the question of the legality in the United States "of such an arrangement, and it is intended to take "steps at once to formulate a plan for carrying out "this idea." Was that ever acted upon?—It is acted upon. The rebates are paid in Hong Kong entirely.

19077. Might I ask why that locality has been selected for payment?—It happens to be a centre, and I think it is the best centre.

19078. May there not be another reason—that if rebates were paid in the United States, difficulties would arise?—We offer to pay it to the shippers, and we do not offer to pay it to the consignees. It is more convenient to the shippers to receive the money in Hong Kong than it would be for them to receive it in New York.

19079. In the present agreement, is there any corresponding clause to this?—The one with the Straits shippers is only an arrangement, really, as regards the 5 per cent.; the one that you have in your hand is the one amongst the owners.

19080. What I am calling your attention to is the fact that the words which I have read are to be found in the 1904 Memorandum of Agreement, Article 20. In the present one, certain words seem to be left out, namely, "So as to avoid raising the question "of the legality in the United States of such an "arrangement." May I ask why they were left out?—Presumably it was not necessary any longer to put them in. We certainly did not desire to raise any question with the United States as to the legality of the rebate arrangement.

19081. Had difficulties arisen?—We have not had any trouble. We hoped to get over it by arranging to pay these rebates to the Philippine shippers in London. We have no communication with the people in Manilla, but we communicate with their representatives in London. I see that when giving evidence before you recently, Mr. Crane says that one can be attacked; if we find we can be attacked, we shall stop it. That is what it comes to: we shall not give the rebates any longer in Manilla, if that is so. I think the Manilla people will be sorry.

19082. When your ships go to the United States, how do they come back?—They load, generally speaking, from the United States back to China and Japan; the majority of the steamers do that, not all of them.

19083. (*Mr. Owen Philipps*) Do they come back by the Suez Canal?—Yes.

19084. (*Sir John Macdonell.*) Without a rebate?—I cannot say about that, as I do not know absolutely. I believe there is a rebate.

19085. There is a rebate, do you say?—I say I believe it, but I cannot prove it as a fact.

19086. (*Chairman.*) As regards goods shipped where?—As regards goods shipped from the United States, I believe there is; whether it is deferred or not, I cannot say, and I do not know.

19087. (*Sir John Macdonell.*) I am speaking of your own ships?—We are not shipowners, and we are not directly interested in the outward trade from New York.

19088. You cannot say that rebates are not given?—We ship very little from New York out to China and Japan, so we do not know whether these rebates are given.

19089. (*Chairman.*) And you do not know whether it is done publicly or secretly?—I know that a circular was issued some time ago, but whether that has been withdrawn I do not know.

19090. So there was a circular in that case?—A circular was issued. The only difference in the circular was that there was no reference whatever made to shipments by certain other Lines not invalidating the rebate. As far as I remember that was the circular that was issued.

THIRTY-FIRST DAY.

Tuesday, April 7th, 1908.

PRESENT:

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

Lord INVERCLYDE.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Professor E. C. K. GONNER.
Mr. W. H. MITCHELL.
Mr. OWEN PHILIPPS, M.P.

Mr. J. A. WEBSTER, *Secretary.*

Mr. ARTHUR COOK, called and examined.

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19091. (*Chairman.*) You are a member of the firm of Messrs. Lamport and Holt, and you propose to give evidence on behalf of the River Plate and Brazil Conferences, I believe?—Yes.

19092. You have been good enough to prepare a *précis* of the evidence which you intend to give, which, if you will hand in, will be printed amongst our records?—Thank you.

(*The witness handed in the following statement.*)

1. My experience of the steamship trade to Brazil and the River Plate dates back to the year 1873. My firm had nine years previously (1864) established their service to South America, and at that time the only other regular Line from the United Kingdom to the east coast of South America was that of the Royal Mail Steam Packet Company. The Pacific Steam Navigation Company started their Straits Line to the west coast of South America in the early seventies, calling at the Brazilian ports and Monte Video with

mails and passengers only, whilst some few years later they commenced carrying cargo to the Brazilian ports. Other Lines gradually appeared on the scene, more particularly in the River Plate trade, notably the Allan, Houston, MacIver, Nelson, Houlder, and Prince Lines.

2. From the Continent the only Line to South America was that of the Messageries Maritimes, but about 1872 the Hamburg South American Company commenced operations, and the Cie. des Chargeurs Reunis established itself with a service from Havre at about the same time. These were followed later by the Norddeutscher Lloyd, the Hansa Line, and eventually by the Hamburg Amerika Linie from German ports and Antwerp.

3. With the advent and existence of so many competitors, and especially so far as the River Plate trade is concerned, rates of freight both from the United Kingdom and from the Continent were gradually reduced so as to become eventually almost nominal and so ruinous that working agreements of combinations became a sheer necessity. These took shape, first of all, in sectional or local arrangements between the Lines serving the various ports in the United Kingdom, but afterwards—about 1895—all the Lines from the United Kingdom to the River Plate came together under one working agreement. Negotiations were thereupon entered into with the Continental Lines serving the trade from Hamburg, Bremen, Antwerp, and Havre (including that of my own firm), with the result that the International River Plate Conference, as at present constituted, was formed about 1896.

4. More or less, at about the same time, a similar agreement was come to between the English and Continental Lines engaged in the Brazilian trade.

5. I may mention that I, personally, was mainly instrumental in bringing about the agreements to which I have referred, and that I have acted as Chairman of both the River Plate Conference and of the Brazil Conference since their inception.

6. The agreements have been revised from time to time, and I now beg to hand you herewith, for your confidential use only, copies of same as at present in force, together with copies of the rebate circulars referred to therein, and of the present tariffs of rates of freight.

7. It will be observed that the principal basis of these agreements is the absolute equality of rates from the United Kingdom and from Continental ports, which it will be patent to the Commission could not be otherwise than welcome to the merchants engaged in the trade. This has continued to be the main feature of these Conferences up to the present date, and in conjunction with a tariff of rates kept always at a moderate level, it undoubtedly accounts for the fact that from the commencement there has been practically no instance of complaint against the Conferences.

8. It will be noticed, on reference to the tariffs in the Brazil and River Plate trades, that, contrary to the system employed in most other trades, where a classification of cargo has been adopted, almost every known article is separately rated, thereby reducing the risk of any mistake being made in freight quotations through inadvertence or otherwise. This system, too, has facilitated any alterations in rates decided upon from time to time, more especially the reduction of any rates in cases where they have been found to press unduly upon any particular article. As the Conferences, both Brazil and River Plate, have at all times been ready to listen to any representations made to them by their supporters on the subject of rates, there has been seldom, if ever, any friction with the shippers in normal times on this question.

9. Notwithstanding the combination between the Lines and the measures adopted for their protection, it has been found almost impossible to keep out casual or other opposition! It has been this fact alone which has given rise from time to time to trouble and difficulties, as whereas the general body of shippers have invariably been satisfied and content to ally themselves with the Conference Lines, there has always been a certain number of discontents, who never being satisfied to be on the same footing as anyone else, have been, and probably will always continue to be supporters of any "outside" steamers placed on the berth, and necessarily quoting and accepting lower rates than those charged by the Conference Lines. Even under these circumstances the Brazil and River Plate Conferences have ever shown themselves ready to meet the just and substantiated requests of their shippers for protection, with the result that their rates of freight more particularly to the River Plate have for many years past been on an exceedingly low and unremunerative level.

10. As regards a comparison of the rates at present in force from Europe with those that obtained ten years prior to the formation of the Conferences, and for which the Commission has asked, I cannot see that this would serve any good purpose, inasmuch as the general conditions of the trade and the character of the vessels engaged have entirely changed. I might say, in a general way, that rates of freight to the River Plate ports are at present on a lower level than they were 20 years ago, or 10 years prior to the formation of the Conference, notwithstanding the fact that the general working expenses have increased by nearly 50 per cent. To the Brazilian ports there has been but little change in rates over the same period except in times of competition.

11. It was naturally found necessary, as in the case of other Conferences for the regular Lines to protect themselves by means of the deferred rebate system, and the justice of this has, I may say, never been questioned by shippers, generally, it being recognised that without such a protection against casual steamers or competition there could be no maintenance of the stability in freight rates or of the regularity of service, which are so essential to the shippers. I would here like to make the point that the deferred rebate, which is paid to shippers in accordance with the conditions expressed in the Conference Lines circular, ought not to be confounded with the primage, which latter is part and parcel of the freight, and has been charged as such long prior to the establishment of Conferences or of rebate systems. The rebate is a commission or bonus on the freight which is paid to the shippers in return for exclusive support.

12. The rebate system has enabled the Lines to put all shippers, whether large or small, on exactly the same footing, which was previously impossible, and a discontinuance of the system would inevitably bring about an immediate return to the practice of large shippers of rough goods securing preferential rates as compared with their smaller competitors. To abolish the rebate system would further have the effect of throwing open all the regular trade routes to the opposition of "tramp" steamers, and would result in the regular Lines being obliged to cease their regular sailings and also only to employ a class of steamer such as those whose competition they would thus have to meet. The whole character of many of the present cargo Lines would thereby be changed, and there would be a gradual disappearance of all the superior and expensive 12-knot cargo liners, a class of vessel which was of such service to the country for the transport of troops, &c., during the late South African war. This, again, would react on the shipbuilding industry of the country, and might also place British shipowners and merchants at a disadvantage with foreign nations who might be able to continue the employment of a higher class of vessel.

13. It is my opinion that without a rebate or other protective system, and whereby it would alone be possible for rates of freight to be maintained at a comparatively more remunerative level than would be obtained with an absolutely free market for steamers of the "tramp" order, no mail or passenger steamers, other than those which are subsidised by the Government or can support themselves on passage money alone, could continue to subsist.

14. With respect to the trade between the United States of America and Brazil and the River Plate, in which my firm along with others are engaged, the establishment of regular Lines in that business is of comparatively recent date. It was practically only taken up about the year 1893, on the failure of the American Mail Line then engaged in the business. It has since been carried on in Conference with a system of deferred rebates and tariffs of rates based as far as possible on those in force in Europe, but, recently, owing to outside competition and internal dissensions, the Conferences have broken up, and the rebate systems having thereby lost their effectiveness, are for the time being abandoned. There is considerable diversity of opinion as to the legality or otherwise of Conferences or combinations and the operating of the deferred rebate system in the United States of America, it being contended by some people that same are contrary to the provisions of the Sherman or Elkins Acts, but this, I think, has never yet been

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confirmed by the Courts or other Authorities. These Acts are supposed by some to be applicable only to railroads working under Acts of Congress, and that shipowners, not being common carriers, do not come within the scope of the same. It is difficult to imagine, too, that the provisions of said Acts, as regards restraint of trade, are infringed by a system which grants rebates to all shippers alike, and undoubtedly protects the smaller against the larger shipper, which is now, and always has been, impossible in America, as elsewhere, in an open freight market.

15. I have the written opinion of one of the most eminent Counsel in America, that the granting of preferential terms to large shippers is not contrary to American law; and, further, that an agreement between two or more steamship lines, under which each party to the agreement contributes certain vessels to the establishment of a regular Line with fixed dates of sailing, and thus manifestly greatly contributing to the convenience of commercial intercourse and promoting rather than restraining commerce, could not be maintained to be an unreasonable restraint of trade, provided it were not shown either that the purpose or the effect of the agreement included the exaction of unreasonable rates. This, I may add, was his opinion on an agreement between my firm and others, covering a system of deferred rebates.

19093. (*Chairman.*) That statement is extremely full and clear, and I have only a few questions to ask you upon it. I see that in the first paragraph you state that your experience of the trade to Brazil and the River Plate dates as far back as the year 1873?—Yes; that is when I first went into business.

19094. Then you show that when your firm established their service to South America, the only other regular Line from the United Kingdom was the Royal Mail Steam Packet Co., and that later on other Lines came into the business, namely, the Pacific Steam Navigation Co., and the Allan, Houston, McIver, Nelson, Houlder, and Prince Lines?—Yes.

19095. From the Continent to South America at first there were the Messageries Maritimes who were followed by the Hamburg South American Company, the Compagnie des Chargeurs Reunis, the Norddeutscher Lloyd, the Hansa Line, and eventually the Hamburg-American Line?—Yes.

19096. The consequence of there being so many competitors was that the rates of freight fell to a very low figure, indeed, so low that they were unremunerative?—Yes.

19097. That, of course, presented two alternatives, either to cease the shipping business or to form some combination?—Yes.

19098. Ultimately, negotiations were entered into with the Lines which served the trade from Hamburg, Bremen, Antwerp, and Havre (including that of your own firm), and in that way the International River Plate Conference, as at present constituted, was formed about the year 1896?—Yes.

19099. About the same time a similar agreement was come to between the English and Continental Lines engaged in the Brazilian trade?—Yes.

19100. You, I believe, took the principal part in forming these two Conferences?—Yes.

19101. You have handed in to us copies of the agreements in accordance with which the two Conferences were formed, but you wish those documents to be used only confidentially, and you do not wish them made public, therefore, I will not now ask you any questions of detail about them. I think, however, you would have no objection to this being known, that the basis of these agreements is the absolute equality of rates from the United Kingdom and from Continental ports; of course, that is a very great advantage?—It is the basis and the principal feature, as I say, of our agreements.

19102. Has that object been attained completely?—During normal times, as I have stated, we have been able to attain that object; but, as I say later on in my *précis*, the effect has been somewhat spoilt by the opposition of outside Lines. As between the Conference Lines, the agreement has been steadfastly maintained and very loyally observed.

19103. That is what I mean: As regards the members of the Conference, the same freights are charged from Continental ports as from English ports and Scottish ports?—Absolutely.

19104. Referring to the classification of cargo, you say, "Contrary to the system employed in most other "trades, where a classification of cargo has been "adopted, almost every known article is separately "rated, thereby reducing the risk of any mistake "being made in freight quotations." That is not the system generally adopted, you say?—It is not the system adopted in most Conferences.

19105. What is the classification generally adopted?—It is a classification under which a great many goods of the same character are grouped together for rating purposes.

19106. Can any shipper obtain a copy of your classification?—It is not usual for us to issue this tariff book, for the reason that the rates are liable to alteration from time to time. We prefer to keep these books in our own hands, and to make any quotations from them; otherwise, if a shipper were in possession of one of these tariffs, he might pick out a rate which had been altered and was no longer in force. That is the only reason we have for not issuing them. In Germany they are issued to anybody who likes to ask for them.

19107. Some shipowners have given evidence to the effect that they did not see any strong objection to allowing shippers to have a copy of the classification; do you agree with them?—Yes; there is really no great objection to it. As a matter of fact, in other trades where classifications are issued, it is quite usual for them to give them to anybody who asks for them.

19108. Of course, an agreement between the Conference Lines cannot always succeed in preventing outsiders from coming in; and that you have experienced more than once?—Yes. We have had many attacks made on our business in different branches.

19109. As regards the rates of freight, they evidently depend upon a great many circumstances—the state of trade, the price of coal, and many other facts?—Yes; there are a great many considerations in fixing the rates of freight.

19110. Can you state, generally, whether the rates of freight have risen or fallen since the establishment of these Conferences?—I think I have dealt with that in my *précis* of evidence.

19111. Then I will read what you have stated about it: "As regards a comparison of the rates "at present in force from Europe with those that "obtained 10 years prior to the formation of the "Conferences, and for which the Commission has "asked, I cannot see that this would serve any good "purpose, inasmuch as the general conditions of the "trade and the character of the vessels engaged have "entirely changed. I might say, in a general way, "that rates of freight to the River Plate ports are at "present on a lower level than they were 20 years "ago, or 10 years prior to the formation of the Con-"ference"—the Conference was formed in the year 1896, so that 10 years before that, 1886, would be more than 20 years ago—"notwithstanding the fact that "the general carrying expenses have increased by "nearly 50 per cent. To the Brazilian ports there "has been little change in rates over the same period "except in times of competition." You have expressed an opinion favourable to the system of rebates; am I right in saying that your general view of this question may be expressed in the following manner:—In order to have steady freights, first-class steamers, and regular sailings, it is absolutely necessary to prevent competition from outside steamers; that is your view, is it not?—Yes, that is my view.

19112. And that competition can be prevented in several ways, either by an agreement between the shipowners and the shippers that they will not for a number of years ship by outside steamers, or by a system of deferred rebates?—By either one or the other. We must have some means of protection.

19113. Does your experience lead you to the conclusion that, on the whole, the system of deferred rebates is the most convenient and best system for preventing that competition which you think it is necessary to prevent?—It has been found to be the most efficient, I think.

19114. Your opinion is, that if competition were not prevented, and outside steamers were employed when-

ever they could be obtained at a low rate of freight, there would be no steadiness of freight, and after a time there would be no regular sailings?—Quite so.

19115. In the latter part of your *précis*, you speak about the trade between the United States of America and Brazil and the River Plate, in which your firm along with others are engaged. You say the establishment of regular Lines in that business is of comparatively recent date, as it was only taken up about the year 1893 on the failure of the American Mail Line, which was then engaged in the business. That trade, you say, has since been carried on in Conference?—Yes.

19116. The Conference originally had a system of deferred rebates, but is that system of deferred rebates carried on now?—Not at present.

19117. But it was carried on for some time, was it not?—It was carried on up till about a year ago.

19118. Why has that system been given up?—Mainly because we have all fallen out amongst ourselves.

19119. Then you speak about the Sherman and the Elkins Act, and state that you have the opinion of an eminent counsel in America "that the granting "of preferential terms to large shippers is not contrary "to American law; and, further, that an agreement "between two or more steamship Lines, under which "each party to the agreement contributes certain "vessels to the establishment of a regular Line with "fixed dates of sailing, and thus manifestly greatly "contributing to the convenience of commercial inter-"course and promoting, rather than restraining, com-"merce, could not be maintained to be an unreason-"able restraint of trade, provided it were not shown "either that the purpose or the effect of the agreement "included the exaction of unreasonable rates"?—Yes, that is so.

19120. As far as you know, has there been any decision in the Supreme Court of the United States as to whether a system of deferred rates applied to the shipment of goods in the United States is, or is not, valid under the Sherman Act?—There has never yet been any decision that I know of. We have always been anxiously looking for one.

19121. And there is none?—Not that I am aware of.

19122. I do not know whether you are sufficiently versed in American law to know that the Elkins Act has nothing to do with this question at all, and that the only Act to be considered is the Sherman Act?—I think both Acts bear a little on the question, one, perhaps, more than the other.

19123. The Sherman Act much more?—The Elkins Act has a reference to restraints of trade and monopolies.

19124. Now a few questions about the River Plate Conference. You have handed in, I think, a circular embodying the terms of the rebate system in the trade to Brazil, and we have the circular in the River Plate trade. The River Plate circular is very similar to the circular in the Brazil trade, is it not?—It is almost identical.

19125. There is one clause which is different. Will you kindly look at the River Plate circular; there you will find this: "In the event of these conditions not "being complied with, those shippers or agents who "have not shipped exclusively by the steamers of the "undersigned Lines, will, in addition to the loss of "rebate, be subject to an increased rate of 10*s.* per "ton over tariff rates on all shipments they may "desire to effect by the said Lines." That is not found in the other circular?—No, it is not in that.

19126. Does that mean that they will always be subject to an increased rate?—I may tell you that that clause has never, to my knowledge, in any single instance been enforced.

19127. It is only held over them *in terrorem*?—It has been put in there, but it has never been enforced.

19128. I dare say in the next circular you will not mind striking it out?—I think; if we had to reconsider the circular that would possibly be taken out.

19129. Do you not think you had better do so?—Well!

19130. Mr. Tozer stated in his evidence before us that an immediate rebate of 5 per cent. is paid to the shipping agent; is that correct?—That is not a rebate, but a commission. It is a broker's commission, or a forwarding agent's commission.

19131. It is a commission that an agent gets for forwarding?—Yes. The forwarding agent's commission is quite distinct from the deferred rebate. In some trades, in the Brazil trade for instance, there is no forwarding agent's commission paid at all; it is only paid in the River Plate trade.

19132. But, in effect, the shipper really has to pay that, has he not?—I will speak first of the Brazil trade. In the Brazil trade the shipper employing an agent to look after the shipment of his goods and to attend to the many details in connection with shipments, remunerates the agent himself. In the River Plate trade, the practice is different, and the shipping agent receives his remuneration from the shipowner in the shape of half the primage, that is 5 per cent., which is payable right away.

19133. And he gets no commission from the shipper?—That is so. The shipper would thereby be relieved of that expense.

19134. Is the ordinary commission that is paid to the forwarding agent generally 5 per cent.?—Yes, as a rule it is 5 per cent.

19135. I believe the form of claim has to be signed both by the merchant resident in Europe and by the forwarding agent shipping the goods?—Yes; that is in respect of the deferred rebates.

19136. Mr. Langdon informed us that shippers of cotton textiles and yarns have to sign a contract with the British Lines in the Conference, under which they undertake to ship all their goods by the contracting Lines, and, in return, the latter undertake to carry their goods at a fixed rate, namely, 35*s.* per ton weight or measurement, at ship's option, with 10 per cent. primage; is that the case?—It is quite optional with them whether they sign an agreement or not. If they sign an agreement they get a lower rate. If, however, they prefer to keep themselves free they pay the tariff rate. There is a difference between the tariff rate and the contract rate in respect of Manchester shipments; this applies to the Manchester shipments for the River Plate.

19137. As regards cotton textiles, do the merchants come under the rebate system?—Yes.

19138. They do?—Yes, just the same as the others.

19139. So they are bound by the rebate circular and also by this agreement, or is this agreement a substitute?—They are, in a way doubly bound; they are bound under the contract, and they are also subject to the deferred rebate. But it is quite optional with them, and, I might explain, that those contracts are of very recent date. They were made at a time when we had an opposition from Manchester, and we adopted that means of securing the trade.

19140. When was that agreement first introduced?—I should think about three years ago, perhaps, not quite so long.

19141. Now I wish to direct your attention to Mr. Maclaren's evidence; have you had an opportunity of looking at it?—I think there are two Mr. Maclarens; one has given evidence with regard to some Brazil freights, and the other with regard to some River Plate freights.

19142. I am referring to Mr. R. Maclaren. He mentioned a case in which a new company, which was not bound by the rebate system, required 18,000 tons of pipes to be delivered at Bahia Blanca for the construction of waterworks; has your attention been directed to that case?—I do not recollect that business ever coming before the Conference.

19143. He says that his firm chartered outside steamers to carry the pipes at less than 20*s.* per ton, and tendering on c.i.f. terms secured the contract; but the Conference rate would have been 30*s.* per ton?—I do not know how he arrived at that conclusion. The Conference would never have sought to protect itself in a business of that kind by means of the rebate system. In a business of that kind, any outside contractor would have an equal chance with any of the Conference Lines.

19144. So that, really, you do not know why Mr. Maclaren says the Conference rate would have been 30*s.* per ton?—It is mere conjecture on his part, I should think.

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19145. In the South African trade, merchants are allowed to charter outside vessels entirely for their own goods only ; is that so in the River Plate trade and in the trade to the Brazils?—As regards sailing vessels, yes, but not as regards steamers.

19146. Then, Mr. John Maclaren gave evidence to the effect that he did not employ an agent himself for shipment, and that he shipped goods by what are called the Manchester Liners ; are the Manchester Liners still in existence?—They are in existence, but not in the River Plate trade ; they have abandoned that. The Manchester Liners in the River Plate trade was really a combination of two steamship companies—the Manchester Liners, and Frederick Leyland & Co. They tried the business for two or three years, and then abandoned it as being unprofitable.

19147. (*Lord Inverclyde.*) Were they outside the Conference all the time?—Yes. They made many requests to be admitted into the Conference during that time.

19148. But you refused to admit them?—Absolutely ; there being no room for them, the trade being over-tonnaged as it was.

19149. (*Chairman.*) They took goods at much lower rates, I suppose?—Naturally ; they could only get support at lower rates than those charged by the Conference Lines.

19150. And they turned out to be unremunerative rates?—They had to give up the business, and the results, I think, are visible in their balance sheets which were lately published.

19151. So that you were not astonished to find that Mr. Langdon states that, whereas the rate on textiles under the contract with the Conference Lines was 35*s.* per ton, the tariff rate by the Manchester Liners was only 20*s.* per ton?—That is only natural. They could not expect to get cargo at the same rates as the regular Lines.

19152. In your opinion, I take it, the rates of freight charged by the Manchester Liners cannot be considered as affording the true test of what reasonable rates of freight are?—They were absolutely cut rates, war rates.

19153. As regards the River Plate trade, I want to ask you one more question, and that refers to a comparison of the rates from the Continent. "The rates "charged for shipments from Genoa to the River "Plate for fine goods," Mr. Langdon says, "run from "23*s.* to 27*s.* per ton, thus giving Italian manufac-"turers a substantial advantage over Lancashire pro-"ducers" ; is that so?—His statement that the rates of freight are 27*s.* from Genoa, may be correct ; but his statement that those rates are to the disadvantage of the Lancashire manufacturers and shippers, is absolutely inaccurate. That rate of 27*s.* is a higher rate than we get. Our rate of 35*s.* from Manchester to the River Plate, includes collection from the shipper's warehouse in Manchester, cartage to the railways, and railway carriage to Southampton, London, or Liverpool ; so that the net result to the steamer from the port of loading is very much less than 27*s.*, more particularly in the case of Southampton or London, where about one-half of the freight is payable away in railway carriage. Consequently, a steamer getting 27*s.* from Genoa is getting a very much better result than a steamer loading from Southampton or London and taking goods at a through rate from Manchester of 35*s.* In the case of a shipment from Liverpool the result would be about the same. Mr. Langdon has evidently forgotten that point. As I say, our rate of 35*s.* is a through rate from the warehouse in Manchester.

19154. Now I turn to the Brazil trade. You have been good enough to put in the rebate circular there, and I see that one term of it is, "In the case of goods "carried at through rates from European ports or "places the rebate will be calculated on such through "rates" ?—Yes, that is so.

19155. Some witnesses have given evidence as to the effect of a system of deferred rebates on the diversion of trade ; one witness was Mr. R. Maclaren, and as an instance he gave the case of an order for a large quantity of pipes delivered in Rio ; has your attention been directed to that?—Yes. I am fully conversant with that business.

19156. Then I need not repeat to you what he says about that case. What observations have you to make upon it?—I would say, shortly, that his statement is very misleading.

19157. In what respect?—In this respect—that the Conference Lines, as in the case of the pipe contract for Bahia Blanca, would be in a very little better position to secure that business than any outside contractor. We should never bring the rebate system into play in a business of that kind, for the reason that a business of that kind is done invariably by a manufacturer, who has no rebates at stake. The Conference would offer other advantages in regard to a business like that, by reason of it having very frequent sailings, and not requiring to take the material in full cargoes. In regard to this business, I might tell you that the Conference was successful in securing a large part of it —about 25,000 tons—which were shipped from Middlesbrough, and were shipped at rates of freight which were satisfactory both to the shippers and to the Conference Lines ; while a part of the order—about an equal quantity or, perhaps, a larger quantity—was contracted for in Belgium. I think Mr. Maclaren makes that statement.

19158. Mr. Maclaren had, he says, to tender on the basis of the Conference rate, which was about 13*s.* higher, and the result was that he lost the order, three-fourths of which went to a Belgian firm and the rest to Messrs. Cochrane of Middlesbrough?—I do not think we had an inquiry from Mr. Maclaren ; at any rate, I have no knowledge of Mr. Maclaren ever having put the business before us, or of anybody having put the business before us on his behalf.

19159. Do you say that in this case the persons who wanted to ship the goods were manufacturers?—In the case of the pipes which we shipped from England, the business was put before us by a firm of merchants, probably acting with or on behalf of manufacturers. The order was a Brazilian Government order for water-pipes.

19160. The difference in freight, he says, amounted to a very large sum—£39,000?—I do not admit that.

19161. Just let me read from a summary of what Mr. Maclaren stated, as I want to know to what extent you agree with his statement of facts :—"Mr. Mac-"laren had an offer from Mr. Maclay's firm to carry "the pipes at 22*s.* 6*d.* per ton, and had this offer been "accepted, they would have been taken as full cargoes "in boats sailing once a month. The merchants, "through whom Mr. Maclaren's firm was acting, how-"ever, were unwilling to ship by Mr. Maclay, as, had "they done so, they would have forfeited rebates "amounting to about £10,000" ?—I would like to say that there is no merchant in the Brazil trade who ever has that amount of rebate at stake, or the half of it.

19162. There is another point which strikes me, and it is this : If these statements are correct, namely, that the difference in freight amounted to at least £39,000, and that the amount of rebate at stake was only £10,000, I do not see why the merchants were not ready to forfeit their rebate?—It seems to me that the merchants would have forfeited their rebates and pocketed the £29,000. I do not think there is any merchant in the Brazil trade who would have resisted that temptation.

19163. The order did go to Belgium, did it not?—Part of the order did.

19164. (*Sir Alfred Bateman.*) Three-fourths of it went to Belgium, Mr. Maclaren said?—About 40,000 tons went to Belgium, and about 25,000 tons came to this country. I would like to tell you that the freight for the Belgian portion was taken by a freight speculator in Antwerp, who fell down on his contract. He had to turn it over to another firm at a loss of about £18,000, it was stated. I would like also to mention that those pipes from Belgium went out in tramp steamers, with the result that in some cases there was as much as 40 per cent. of breakage in the cargoes. I, myself, was in Rio Janeiro last summer when one of the steamers arrived with these pipes from Belgium, and I think the breakage then was 42 per cent. So that the cheap freight which they secured also had its disadvantages.

19165. (*Lord Inverclyde.*) What was the percentage of breakage in the liners?—I think that in my firm's steamers and in those of the Royal Mail, which

carried the English pipes, the breakage was, as a rule, only about 5 per cent.

19166. (*Mr. Owen Philipps.*) Is it not the case, that by one of the regular Lines the breakage was under ½ per cent.?—I have not those details by me, but I think you are right in your statement. I only know that I was, myself, in Rio when the steamer actually arrived with a breakage of 42 per cent., and I went to see the pipes myself. So that the cheaper freight was a nasty one.

19167. (*Lord Inverclyde.*) In regard to the River Plate trade, when the Manchester Liners were running they got a certain amount of support from the traders; did those traders forfeit their rebates from you?—Yes, if they had any rebates due to them.

19168. Do you know, as a matter of fact, whether any rebates were forfeited?—Yes; quite a number.

19169. Are there any direct steamers from Manchester now?—Not at present.

19170. Suggestions have been made, when traders and shipowners do not see eye to eye on rates of freight, that some independent board should be set up to arrive at what would be a fair rate of freight; what is your view with regard to that?—The idea is preposterous. We might as well have a committee of shipowners to fix the prices at which merchants should sell their goods, so that we should not run any risk of loss of freight. It would be just as reasonable.

19171. (*Sir John Macdonell.*) You mentioned, I think, in answer to the Chairman, that the so-called "immediate rebate," mentioned by Mr. Tozer as paid to the forwarding agent, was paid to the forwarding agent immediately?—It is not a rebate; it is a broker's commission.

19172. Are there any special conditions attached to the granting of that commission?—There is no special condition attached at the time, but, eventually, we require the forwarding agent to sign the deferred rebate claim along with the merchant; so that we do have some kind of condition with the forwarding agent.

19173. Consequently, if the forwarding agent were disloyal, in the sense of acting for outsiders, he would forfeit his 5 per cent.?—Yes; we would not recognise him as being on our list of agents to whom commissions were payable.

19174. So that by this system you bind, at all events, to a certain extent, both the shipper and the forwarding agent?—As far as we can; that is our endeavour.

19175. You have mentioned in your *précis*, and also in answer to questions put to you by the Chairman, certain advantages which your classification has; I think I understood what they are, but could you explain by an instance or two the difference between your classification and those used elsewhere?—Have you seen our tariff?

19176. No; you can just give it me in a few words?—The classification and tariff which is adopted by most of the Lines in other trades is a grouping together of many articles of a similar nature for the purpose of rating them.

19177. Take, for example, agricultural implements, which might figure as a group in some classifications; how would you deal with such a group of articles?—I suppose that the Lines using a classification would pick out articles of a similar nature, both as regards bulk and as regards value, and endeavour to group them together under one heading. We found by experience that that was very unsatisfactory, and gave rise to a great many questions and to mistakes being made.

19178. One advantage of your system is, that you may conveniently alter the rate for one, and only one, article without in any way affecting other members of the group?—Quite so.

19179. Is your classification the same as that which is used by the German members of the Conference?—It is identical. They quote from this book, giving the equivalent in German money.

19180. I think you said the German members of your Conference published this classification?—They have it printed in the same way that we do, and they give it out to anybody on application.

19181. And, as I understand, you see no very great objection to that practice?—I told the Chairman what the objection to it is—that it might very often lead to mistakes, as a shipper might get hold of a book which was out of date, or he might get hold of a book which had not been corrected when the rate had been changed. We very often change rates, and we could not pretend to bring in all the books, or to notify all the shippers that a rate had been altered.

19182. That liability to mistake affects the German members of the Conference as well as the English members of the Conference, and that liability notwithstanding, the German members publish the classification?—That is so.

19183. Do you see any objection to giving notice of a reasonable length before any change takes place in the classification?—A shipper can always come and book three months ahead on any of the rates in this book; that is to say, if he wants to do business three months ahead, we give him that facility. We may in the meantime, for some reason, alter the rate, but, anyhow, the quotation we have given to him will still hold good during the three months.

19184. May not the effect of that be that certain shippers who have booked ahead, get either an advantage or labour under a disadvantage, according to the nature of the change that you may make?—They must take their chances of that. A shipper may come to me and say, "I am going to have some stuff for shipment in two months' time or three months' time; what is your rate of freight?" He is quoted the rate from this book. That rate for certain reasons may be altered to-morrow, but that quotation will still hold good to him for his particular parcel. If he came on the following day and wanted to book another lot, he would have to pay the higher rate.

19185. Do you think the practice of allowing booking ahead for three months gives the chief advantages which would be obtained if notice of changes were given?—It is a great facility to the shippers, and the shippers like that system. I might add, that there are some articles on which we often give a rate 12 months ahead.

19186. (*Chairman.*) What kind of articles?—If you turn to page 4 of this tariff, you will see certain articles on which we will quote to the end of 1908, or always for six months ahead.

19187. (*Sir John Macdonell.*) Do you think that the practice which you describe, of a shipper booking on specified rates ahead for a certain period, is a necessary part of a properly working conference?—I think so, and we have found it so. We have found that our shippers require facilities of that kind, and we have not hesitated to grant them to them.

19188. One of the witnesses who have given evidence before this Commission, Mr. Colley, complained in effect that although the rates did not vary very much, the classification was being continually altered, and also that, except in the case of the West Coast Conference, the British Lines made a mystery of the classifications and refused to publish them. Is that complaint, in your judgment, justified?—That complaint does not apply to either the Brazil Conference or the River Plate Conference. We do not make any mystery at all.

19189. You object, as I understand, to any board or other authority interfering in anyway with rates, and you described such a suggestion, in answer to Lord Inverclyde, as preposterous?—Quite so.

19190. Would it not be an advantage, if, with regard to changes of rates, you could confer with some representative body of shippers and merchants?—It would be utterly useless.

19191. You think it would be useless?—Utterly useless. We would never come to any agreement. As I say, we could no more allow them to fix the price of our commodity, than they could allow us to fix the price of their commodity.

19192. I am not suggesting that, and I am taking it for granted that your view is what you have clearly stated. Would there be any advantage in conferring from time to time with such representative body?—None whatever.

19193. You see no advantage?—It would be absolutey useless.

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19194. Do you think it is of no consequence to ascertain the effect of your rates upon the prices and profits of merchants and shippers?—I cannot see how any conference with any body of merchants, in regard to rates of freight, could lead to any results whatever. The rates of freight are subject to so many considerations, and those considerations are different in every trade; in fact, no two trades are alike in regard to rates of freight.

19195. May I take it for granted, that so far as the South American trade is concerned, there is no such body of merchants?—There is no such body.

19196. What, in your view, would be the alternative, supposing the rebate system were abolished? Would the alternative be a system of contracts between shippers and shipowners?—We should have to protect ourselves in some way or other. We should probably do it by charging a lower rate right away to exclusive supporters, that is, we should have two rates of freight, one for exclusive supporters and another for casual shippers. It would amount to the same thing, practically, in the end, as a deferred rebate.

19197. Would that alternative be as effectual for the purposes of the shipowner as the rebate system? —Not quite.

19198. In what respect would it be ineffective?—We should not have any of their money in hand.

19199. That, no doubt, is the important difference. You state in your memorandum that you think if the rebate system were abolished, the effect would be that all the regular Lines would be obliged to cease their regular sailings; is that your deliberate view?—Quite so. We should have to defend ourselves with the same weapons that were employed against us. I have stated very clearly in the *précis* that, in my opinion, all the regular Lines would cease to exist.

19200. Supposing that you had no rebate system, but that you had the system which you have outlined, namely, special contracts for regular shippers, would not the Lines continue to run regularly?—If the system which I have outlined proved as effective as the rebate system, the position would be very much the same as it is; if it did not prove as effective, the position would be what I have stated.

19201. Is there a rebate system in the West Indian trade?—I have no knowledge of the West Indian trade.

19202. And, therefore, you cannot speak with regard to that?—I cannot speak as regards the West Indian trade.

19203. You are not aware that there is no rebate system there?—There may or may not be.

19204. May I ask you to explain a little more clearly than you have, why this special arrangement with respect to Manchester goods was made?—Do you refer to the contracts?

19205. Yes, I refer to the contracts?—It was made at the time when the Manchester Liners started in the trade, and it was made with the object of preventing them getting any support.

19206. Has the practice of having a double hold, namely, the rebate system and the contract system, been extended to any other articles than Manchester textiles?—No.

19207. Since the Manchester Liners have ceased to run, has there been any change in the rate for Manchester textile goods?—No.

19208. It still remains at 35*s.*?—It still remains the same.

19209. Another of our witnesses, I think it was Mr. Sissons, stated that there were cheaper rates from Antwerp to South America than from English ports. I will read the question that was put to him and his reply: (Q. 2050.) "Do you say you can ship from "German ports now to South America at cheaper rates "than you can from England?—(A.) At times." Is that, or has that ever been, true, to your knowledge? —That statement is absolutely incorrect. The German rates are identical with the rates from England, and there are no opportunities of shipping from German ports except by the Conference Lines, and there have not been for a number of years.

19210. To the best of your belief that statement is not merely not true now, but it has never been true? —It cannot have been true for a great many years.

19211. (*Chairman.*) Not since the Conference system? —If my memory serves me, we have not had any opposition from German ports for a great many years. The allegation was made, in the question just put to me, in regard to Antwerp. There it would be different. From Antwerp there has been opposition; but the rates by the Conference steamers are identical with those from England.

19212. (*Sir John Macdonell.*) I was coming to the case of Antwerp. As far as Antwerp is concerned, while the Conference Lines would charge the same rates, are there other rates of a lower kind?—There are generally some opposition steamers on the berth at Antwerp.

19213. Has that been the case for some time?—It has been the case for a number of years now.

19214. As I understand, in regard to Brazil there is a certain portion of the Brazilian ports to which the English members of the Conference do not go?—That would only apply to the South Brazil ports, the Port of Rio Grande do Sul and Port Alegre; but it is not correct to say that the English Lines do not go there, because my firm takes goods on through bills of lading. We do not absolutely run direct steamers to those little ports.

19215. Let us go by steps, if you do not mind. There is some arrangement by which the English members of the Conference do not sail directly to the ports. shall I say, south of Rio?—There is no arrangement to that effect. We are perfectly free to do as we like.

19216. But, in fact, do the English vessels go to ports south of Rio?—They do not, because the trade to those Southern Brazilian ports is almost entirely German trade. The population out there is almost entirely German, and there is not sufficient trade from this country to warrant a direct service.

19217. That is the explanation—that the bulk of the direct trade is trade from Germany?—Yes.

19218. But I understand you to say that there is nothing in the nature of an agreement between the German and the English members of the Conference which prevents you doing that?—Nothing whatever.

19219. One of our witnesses, Mr. Colley, told us that in his judgment the rates to South Brazil are most exorbitant as compared with the South American rates, generally. I will read to you the Chairman's questions to him and his answers. (Q. 9275.) "That, "at any rate, shows, in your opinion, that the rate "of freight is unnecessarily high?—The rates of "freight to South Brazil are most exorbitant, as com- "pared with other South American rates of freight. "(Q.) That is what you want to bring out, I think— "that it is the result of there being this arrangement "between the various associations of shipowners?— "Yes. Before they formed this Rebate Ring for "South Brazil, as I say, they carried them at 15*s.*, "and, apparently, at a profit." What is your comment, if any, upon those answers?—The rate of freight to South Brazil ports is, naturally, high. In the first place, there is very little water at these ports; at the Port of Rio Grande do Sul you are limited to about 14 feet, and at Port Alegre you only have about 9 feet of water; that involves the employment of a very small class of steamer, and also the employment of lighters. The cost of delivering goods at Port Alegre probably absorbs 30 per cent. of the ocean freight— that is, the cost of the lighterage alone. So that when some of these witnesses are talking about the high freights, they have not all the circumstances and conditions within their knowledge, and they do not know what they are talking about.

19220. In your judgment, when these qualifications that you have now mentioned, such as lighterage charges and others are taken into account, there is no great difference?—I say, the shippers get a great deal more for their money than they are entitled to.

19221. You mentioned that you had obtained the opinion of counsel upon the operation of the Sherman Act and the Elkins Act; is there any objection to that opinion being given to us, or to our seeing it?— I would give you privately the name of the counsel, but I prefer not to state it publicly.

19222. Is there any objection to our seeing the opinion confidentially?—No, I would have no objection to submitting it to you. I do not think I have it with me, but I can give it to you.

19223. (*Mr. Owen Philipps.*) Have you found any reluctance on the part of merchants to lay their complaints before the Conference when they have considered a rate is too high?—No; they have never been guilty of that.

19224. Is it not the interest of the shipowners to do all in their power to increase the trade by giving reasonable rates, which are rendered necessary by competition?—Naturally. That is our business.

19225. Do you see any practical difficulty in agreeing to give notice when the Conference decides to raise a rate, before putting the rate into force?—In practice, I think, it would be rather difficult to give notice any considerable time in advance. The conditions, especially in the South American business, are ever changing. We may be one day getting what we think a remunerative rate of freight, as was the case only a month ago when all the homeward prospects were good; then there suddenly comes a slump in homeward freights, and they suddenly drop in a week from 18*s.* to 10*s.*; or what appeared to be a fair outward freight when the ship sailed away, proves in effect to be a very poor one. So that, as I say, with all these constant changes which we are liable to in the conditions, it is very difficult to decide upon how and when and where the rates of freight shall be altered. As a matter of fact, as you know, it is very difficult to get these changes agreed to; there are so many parties to the agreement, that the changing of a rate of freight very often takes a long time.

19226. (*Chairman.*) Do you charge small shippers and large shippers alike the same freight?—Absolutely. That is provided for under the tariff; they all get the same rate out of the book. As I have stated in the summary of my evidence, that would be impossible without the protection of the rebate system.

19227. (*Mr. Owen Philipps.*) If the rebate system was made illegal, would it not then be necessary to enter into long contracts with all merchants, or in some other way to obtain their support?—I do not like to contemplate that really. I cannot say straight off what would be necessary, but some means of protection to the regular Lines would be absolutely necessary and imperative.

19228. Do you, from your experience of the trade, think that the merchants and the shippers would be as satisfied with long contracts as they would with the present system?—Certainly not. There are not any merchants of any account who are dissatisfied with our present arrangements. There are always a few discontents in every trade who never would be satisfied to be on the same footing with anybody else, and who are not satisfied with anything at all. No matter what you make the rate of freight, they want something better than the best, something lower than their competitors are getting; and, short of that, they are dissatisfied.

19229. (*Lord Inverclyde.*) The results of the contracts would be that the big shippers would get better terms than the small shippers, I suppose?—Naturally. But it would be very difficult to make forward contracts with shippers in the South American trade. To begin with, a great many of the merchants would not know what they were going to have to ship, and you would have to give them practically open covers; it would result in giving the merchants open covers at fixed rates for anything they might have. That would be impossible, really; it would be quite impracticable.

19230. (*Professor Gonner.*) You say that you give the same rates to all shippers, but I suppose you would quote different rates for special shipments such as pipes, would you not?—Naturally.

19231. And you did quote special rates in the Rio case, I gather, did you not?—We quoted special rates.

19232. And carried at special rates?—Yes.

19233. When you do that, do you have to consult the Conference?—Yes. It is a matter of agreement.

19234. Then the Lines have no discretionary power?—No Line has power to do it without all the Lines being in agreement, and in agreement through the Secretary of the Conference.

19235. You communicate with the various Lines in that way?—Yes

19236. Might we go to the question of the various Brazilian Conferences? Is there a separate Conference for these Southern Brazilian ports?—There can hardly be said to be any Conference at all to the Southern Brazilian ports. The trade to the Southern Brazilian ports is almost entirely in the hands of German Lines, the Hamburg South American Company and the Hamburg-American Line. From this country the shipments to the South Brazil ports are made by way of Rio Janeiro on through bills of lading. My firm and the Royal Mail Company will take goods on through bills of lading to any of those ports, with transhipment in Rio Janeiro.

19237. I have got before me a circular of the Hamburg-American Line. According to that circular, shippers have to declare that they have not made any direct shipments to the ports served by the German Lines, but they do not forfeit their rebates if they have transhipped through Conference steamers at Rio. I am only putting this question because I do not quite understand it; apparently, they deny your right to send direct shipments?—We have not had direct steamers to the South Brazil ports for very many years. I would like to see that circular if I may. (*After reading circular.*) That circular is intended to prevent any other direct service being put on; but as there is no likelihood of any other direct service being put on, it is really of no account. It would not prevent my firm putting on a direct steamer, neither would it bar shippers by my direct steamers from rebates.

19238. Would it not bar shippers who had been sending previously by the German Lines from getting their rebates?—That is a German Line circular.

19239. Yes; that Line would not give the merchants their rebates if they sent by direct shipment through you, would they?—I think they would. I think they would not bar the shipments by any of the regular English Lines. They say they would bar direct shipment, but that is an attempt to keep the direct trade in their own hands.

19240. At any rate, this circular has not been issued, apparently, by general agreement with the Conference?—No; that is a separate Hamburg circular.

19241. And it is an attempt rather to go outside the general agreement?—The trade to South Brazil is a very small one, indeed.

19242. I can quite see that it does not matter?—It is a perfectly small matter; it is of no importance whatever.

19243. At any rate, this is not an authorised circular?—No, it is not a Conference circular.

19244. Now take the North Brazilian trade; is that in a separate Conference?—That is quite a separate Conference, north of Pernambuco.

19245. With that you have nothing to do?—We have nothing to do with that.

19246. What Line is it there, the Booth Line?—The Booth Line and the German Lines.

19247. Booth's and the German Lines exclusively?—Yes; the Booth Steamship Company control that trade together with the Hamburg Lines.

19248. In your circular, why is it you restrict the rebates to principals who are resident in Europe?—For the reason that we do not attempt, as they have done in some Conferences, to control the consignees on the other side.

19249. Is that because the attempt is not feasible?—It is possible, but it is not easy of accomplishment. We do not pay deferred rebates to forwarding agents, or to anybody, indeed, but the principals, the actual owners of the goods, on this side.

19250. If they are resident in Europe?—Yes. That is to prevent the consignee abroad making any claim upon us.

19251. It is to safeguard yourself against a claim by a consignee?—Against claims by consignees, whom it would be very difficult for us to control.

19252. If the consignee abroad was really the principal in the transaction, and was ordering goods from a manufacturer in England, who would obtain the rebate?—The shipper, the payer of the freight, on this side.

19253. He would be entitled to the rebate?—Yes.

19254. Even if he were shipping on order from the other side?—Yes.

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19255. He would then be in the position of a principal?—He would be in the position of the merchant or principal on this side.

19256. And would satisfy your condition, at any rate, as to the rebate?—He would satisfy our condition.

19257. Sir John Macdonell has dealt with the question of the forwarding agent's 5 per cent. commission : it does amount to a conditional payment, does it not? —Practically.

19258. So it is intended to tie the forwarding agent as well as the principal?—Quite so.

19259. It succeeds, I suppose, does it not?—Yes, practically.

19260. Have you looked at some of the evidence we have had before? There have been statements made here to the effect that cheaper freights could be obtained from Germany—I think it was Mr. Sissons who said so—because from Germany they could ship by weight and not by measurement, which, of course, might give them cheaper rates on certain goods ; is that, as far as you know, correct?—The statement is absolutely untrue so far as the Conference Lines are concerned.

19261. Has the practice of the various Lines, so far as port to port shipments are concerned, been absolutely uniform?—The conditions are identical both for German and for English shippers. The gentleman who gave that evidence must have been drawing on his imagination.

19262. With regard to the west coast of America, do you ship to the west coast?—My firm is a member of the West Coast Conference, but I am not here to give evidence on behalf of the West Coast Conference?—

19263. And you would rather not?—I could tell you in effect what is the system on the west coast.

19264. Will you tell us what the system is?—The system is almost identical with the Brazil and River Plate agreements. In fact, the West Coast Conference was based on the existing agreements in the Brazil and River Plate trade. One difference there is, that they have a classification instead of a tariff of rates ; with that exception the system is identical in the west coast trade.

19265. When you are sending goods to the west coast, does the greater proportion go through the Straits?—Yes, by far the larger proportion.

19266. And the amount of transhipment by Panama is comparatively small?—It is comparatively small.

19267. If a shipper is sending through the Straits, and is also shipping some goods by way of Panama, does he forfeit his rebate?—Not at all ; it is all one Conference.

19268. Panama and the Straits are part of the same Conference, are they?—Yes.

19269. You are quite sure of that?—There are two Conferences, but shipments by one route do not prejudice rebate by the other.

19270. There are two Conferences, but they do not exclude each other's shipments?—Not at all.

19271. Is there in that Conference the same payment to the forwarding agent of 5 per cent.?—No. There are no commissions payable at all to the forwarding agents in the west coast trade. The forwarding agent gets his remuneration entirely from the merchants employing him.

19272. Is there a sailing-vessel Conference round the Straits of Magellan?—That I cannot say.

19273. Because you do not know?—I do not know.

19274. We have got here a rebate circular which seems a sailing-ship circular, but you would know—(*handing circular to the witness*)?—That is a sailing-ship circular.

19275. So there are some sailing vessels doing the work there?—Yes. There is a large trade by sailing vessels from Hamburg to the west coast ; they are working, and they have been working for many years, practically, in agreement with the West Coast Conference.

19276. And shipments by them do not invalidate the rebates then?—No, shipments by sailing vessel do not.

19277. And also shipments by you would not invalidate, apparently, their rebates?—No.

19278. Has the case ever arisen in your Conference of shippers coming to you and asking for protection, because their competitors have obtained lower rates by outside vessels?—Yes ; that occurs every day. We have matters of that kind under consideration all the time, and we are never free from them.

19279. It is pretty constant, then?—Absolutely.

19280. Is there any system of protection, or is each case dealt with on its merits?—Each case is dealt with on its merits. If a shipper feels that he is being overcharged, or that he cannot do his business in competition with others, he is never very slow in coming forward and telling us about it. If he has a well-founded complaint, that is put before all the Conference Lines, and his grievance is either remedied or not, according to the merits of the case.

19281. Taking your experience, is substantial protection afforded in these trades to shippers who are, as it were, injured by their competitors obtaining outside freight?—If their complaints are justified. As a matter of fact, the Conference rates are all so very low now, by reason of outside competition.

19282. And the difference is not great?—There is not any great difference.

19283. Has the introduction of the rebate system in the River Plate trade made that trade much more remunerative than it was?—On the contrary, we none of us can make a penny-piece out of it now, whereas in olden times it did pay.

19284. You introduced the rebate system in order that you might be able to make money?—To stave off bankruptcy, I would rather put it.

19285. It has done that, I suppose?—It has just kept us going.

19286. The Conference Lines, of course, are fairly numerous, and I suppose they can put on a good deal of tonnage ; have they increased their tonnage of recent years?—There is a great deal more tonnage always on than there is business for. You are speaking of the River Plate trade, now, I take it?

19287. I am speaking of the River Plate trade now? —The River Plate trade has gone ahead very much of late years ; it has gone up in leaps and bounds. It was a very small trade 25 years ago compared with what it is now ; and it is an ever-increasing business ; but the Conference Lines have always kept pace with the requirements of the trade, and even more than that.

19288. I suppose they have put on a lot of tonnage because the homeward trade is so great?—The requirements of the homeward trade are met more by the tramps that go out with coals. The Conference does not attempt to control the outward coal trade.

19289. I suppose the cargo to be carried homewards is greater in tonnage than the cargo outwards?—From the River Plate it is very much in excess of the outward trade, in a good crop season, of course. It varies very much.

19290. There is no rebate system whatever in that trade, is there?—None at all.

19291. Is it your view that the rebate system is impracticable in cases where chartering for whole cargoes is feasible?—Yes. In the case of a merchant shipping whole cargoes he is independent of anybody.

19292. Do you attribute it to that, that there is no rebate system in the homeward trade from the River Plate?—The homeward trade consists of bulk articles, like wheat, principally—it is a grain business—so that the attempt to control that by a rebate system would be impossible.

19293. As they can always charter?—They can always charter. The great bulk of the business is done by chartered vessels. The vessels who go out with coals bring grain home.

19294. Do your vessels not bring grain home?—Yes ; but we have to take it in competition with the outside tonnage.

19295. You have to take it at chartered rates, practically?—Yes. It is the tramp steamers which go out with coals that make the homeward market.

19296. Is there a large demand out there for coal?—Yes, very large. The River Plate will take a million and a half tons of coal in the year.

19297. So that they can charter really both ways?—That naturally necessitates the employment of a great deal of tonnage.

19298. Consequently, you have really to make your money, if you do make it at all, on the outward trade?—We try to get it both ways, but where we cannot get it one way we must get all we can in the other.

19299. The point about which I was in doubt was this: The result of the introduction of the rebate system, and the aim of it, is to obtain a somewhat higher level of rates, naturally, is it not?—No. It is an attempt to obtain what is due to a regular Line which puts on steamers in season or out of season, and goes full or not full.

19300. I am not at all differing from you as to its being a natural claim, but it is an attempt, is it not, to get a higher level of rates; and, of course, competition, if it takes place, may be just as ruinous at a high price as at a low price, if you have enough of it?—I do not follow you quite.

19301. Supposing you get rather a high level of rates, then you get a great deal of additional tonnage put into the trade?—Not necessarily.

19302. Supposing you do, then, of course, you would have to go empty frequently, and, consequently, you might be in a bad position, although you had succeeded in raising the rates?—A rebate system and high rates of freight do not fill our ships. There is plenty of competition inside the Conference; and although we are in Conference as regards protecting ourselves from the outside, I would like you to understand that there is any amount of competition between ourselves.

19303. The point I would like to put to you on that is this: Supposing that there has been a great deal of internal competition within the Conference, has not the Conference system rather failed in its object, which is to make the trade a reasonably paying one?—In effect we have failed to some extent; but how very much worse our position would have been if we had had no Conference! We have certainly been able to maintain rates of freight to some extent, where otherwise it would have been impossible. These Conferences were formed out of sheer necessity.

19304. So you have put before us; but the point which I think is an interesting point to consider, as I think you will agree with me, is whether the rebate system, when there is an unrestricted right of sailing between a large number of Lines, is really successful?—It is successful to this extent, that it limits the competition to the Conference Lines.

19305. That is quite true; but, still, the Conference Lines, I gather from you, are not at all restricted in the quantity of tonnage which they can respectively put on?—Generally speaking, they are not; but in some particular trades they are.

19306. (*Sir Alfred Bateman.*) One or two questions about the rates from the United Kingdom in the River Plate trade as compared with the rates from the Continent. I think you said that there was no difference in the rates?—The tariff is in force equally from the Continent as from the United Kingdom. If you will look on the outside cover of that little book, you will see that it is stated to be the tariff from United Kingdom ports and the Continent.

19307. I understood you to say that the Genoa case we were told of was not correctly stated, because there would be charges in bringing the goods to the port in Italy?—This Conference, speaking broadly and generally, has no through rates, and the rates are all from the ports; with the exception, perhaps, of through rates from Manchester, I know of no other through rates.

19308. I see a slip put inside this excellent little tariff which gives the rates to be charged, in addition to the tariff rates, from inland places in England?—Those are certain through rates from Manchester, Bradford, and so on.

19309. From Manchester the extra charge is 5*s.* on textiles, and on boots and shoes from Northampton it is 10*s.*?—Yes.

19310. Are these per measurement ton?—Weight or measurement, as the case may be, at the ship's option.

19311. By whatever method you charge for the inland portion, that is at the ship's option?—Yes. The through rate would be a measurement rate, of course, in the case of measurement goods.

19312. Do you know, of your own knowledge, that the Germans also charge rates to the port?—Their rates from the Continent are entirely from the ports in the South American trade.

19313. Do they not charge a through rate from an inland place?—Not to my knowledge, and it is not allowed under our agreement.

19314. So you do not fear competition through their charging a lower railway rate, or a very small railway rate, to the port?—No; they are not allowed to do it.

19315. And you would know it if they did?—We would know it if they did.

19316. (*Mr. Owen Philipps.*) You are speaking of the South American trade?—Yes. In the South African trade the case is different. They cannot do it in the South American trade.

19317. (*Sir Alfred Bateman.*) That is what I want to get from you, because we have heard about that?—The arrangement in the South African trade does not apply to the South American trade.

19318. So there is no preference to the German manufacturer at an inland place, through his getting a lower rate from his works to South America?—He has to pay his carriage to the port, and he is at a considerable disadvantage as compared with the English manufacturer, by reason very often of the long distance to the ports of Hamburg or Bremen.

19319. He is a longer distance away from the ports than the Englishman?—As a rule, he is a longer distance away.

19320. But he may possibly have a lower railway rate?—He may or he may not. What we provide for is, that the rates from the ports shall be absolutely equal.

19321. Are the through rates from our inland places, such as Manchester and South Wales, prepared with any reference to the rates in Germany, from the manufacturers' places?—I say there are no through rates by the German steamers from inland places.

19322. I am not talking of a through rate, but of the rate charged in addition to the tariff rate?—That makes up the through rate. We add those rates on to our local rate to arrive at the through rate.

19323. And would not the Germans add a rate on?—No; there is no arrangement to that effect.

19324. Why is there that extraordinary difference between the practice in the South American trade and the practice in the South African trade?—I cannot tell you. I think the Germans had a great love for the Transvaal at one time. I think that is the explanation of it.

19325. You are aware, I presume, that the Germa trade to Argentina has increased a good deal sinc you had a Conference?—Yes, it has gone up cor siderably.

19326. It has gone up more than ours has from thi country, has it not?—I would hardly say that. think that we have about held our own with them broadly speaking.

19327. If you look at the figures beginning with th year 1896, the increase is certainly bigger from Ger many than from the United Kingdom?—In values o tonnage do you mean?

19328. In values, I mean?—Their trade has gone u at a greater ratio than ours, of course.

19329. But you do not think that has had anything to do with the rates of freight chargeable, do you?—I has had nothing to do with the rates of freight, th rates of freight having been equal for many years It is due to the greater ability of the German merchan or manufacturer to secure the trade. Of course, tha is undoubted. The Germans have made tremendou progress in South America as against our English merchants, and quite irrespective of any advantage as regards rates of freight. They have secured a great deal of the trade that we ought to have in this

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country; but that is not the fault of the shipowner—that is the fault of the manufacturer and the merchant himself.

19330. You say it is not the fault of the shipowner, but I think you will agree that in the case of those pipes, which went from Belgium, it was a question of freight there?—No. I do not think we ever had the chance of securing the Belgian part of the order. We never had that large portion that went from Belgium submitted to us from this side—never seriously.

19331. How do you mean, seriously?—I do not think myself that there was ever any chance of that portion of the order coming to this country.

19332. As regards the United States, can you tell me what the rates have been from there since the rebate system has been abolished? Have they been lower than from this country?—The trade from America to the Brazils and the River Plate is very different; it is mostly in non-competitive articles.

19333. I suppose there is a good deal of competition in agricultural implements?—Those are American specialities, and those would go from America in any case. The Americans hold that trade.

19334. Not in ploughs, do they?—In ploughs and agricultural machinery, generally; they hold that business regardless of freights.

19335. In your tariff, I think, there is a small list of articles for which the rates may be quoted six months ahead; can you tell me how that list was compiled?—That is for the convenience of merchants dealing in those special articles.

19336. Take three or four which come one after another—empty bottles, codfish, confetti, and Dundee goods?—The list is added to from time to time as merchants come forward and tell us that they want to do business further ahead. A man will come to you and say: "I want to make my arrangements to ship "certain articles six months ahead," whereas in other articles he is satisfied to do it three months ahead.

19337. Practically, the list has been formed in trying to comply with the requests of people who see a way of doing further trade?—To comply with the requests of shippers; we may add to that list any day, when we have a request.

19338. Coming back, for a moment, to the United States rates, you are of opinion, I gather, that the rates are lower now from the States than from this country?—We have got a rate war there at this moment, both to the Brazils and to the River Plate.

19339. So the rates are considerably lower now?—The rates are lower there than they are here.

19340. There have been several rate wars of late years from the United States?—We have been more or less able to maintain the rates from America at the same level as those ruling from here for a number of years, until a year or two ago.

19341. As was the case from Germany, there has been a rather larger proportionate increase of trade from the States to the River Plate?—The business from the States is increasing all the time, but mostly in non-competitive articles.

19342. (*Mr. Owen Philipps.*) Is it not the actual fact that the trade from the United Kingdom to the Argentine has increased in quantity enormously in the last ten years?—Yes.

19343. The German trade also has increased?—Yes, everybody has increased.

19344. But the German quantities have only increased enormously on their percentages?—On their percentages or ratios.

19345. Is it not the case that the actual increase from England has been greater than the actual increase from Germany?—I have never studied the statistics, really, but, of course, the Germans started into the trade very much later than we did from this country.

19346. (*Sir Alfred Bateman.*) Do you not think the lower rates from the United States have helped materially to increase their proportion?—Not at all. I do not think that the rates of freight from the United States have any bearing whatever on the quantity of their exports. Their business is very largely in oil, lumber, kerosene, and articles which will go from there irrespective of the rate of freight.

19347. Of course, there are some things, like agricultural implements in which we might compete?—The Americans have made very little headway in their export of competitive articles, and in their general export trade to South America. If you eliminate certain bulk articles, like lumber, kerosene, resin, and agricultural machinery, you will find that the trade outside those articles is still a very small thing.

19348. They are not competing with us in textiles at all, are they?—Not at all.

19349. (*Sir John Macdonell.*) In the case of the trade from the United States to the River Plate and the Brazils, are there regular sailings?—Yes.

19350. What is the class of vessel?—We have the finest class of vessel, ourselves, employed in that business. We run a fortnightly service, ourselves, of mail and passenger steamers, and we run cargo steamers as well.

19351. From the United States?—From New York, both to Brazil and to the River Plate.

19352. When did the rebate system in that trade cease?—Within a year ago.

19353. (*Chairman.*) The rates from the United States are very low now, are they not?—Yes, they are very low, indeed.

19354. Are they still remunerative?—They are absolutely ruinous.

19355. So that it cannot go on?—It cannot go on; there must be an end to it.

19356. (*Mr. Owen Philipps.*) It is an actual fact, is it not, that no shipper in the River Plate trade has ever received as much as £10,000 in rebates?—That statement referred to the Brazil trade, I think. I have never known any shipper receive the half of that.

(*The rest of the witness's evidence was heard in private.*)

THIRTY-SECOND DAY.

Tuesday, April 14th, 1908.

PRESENT :

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

The Hon. C. N. LAWRENCE.
Sir HUGH BELL, Bart.
Sir D. M. BARBOUR, K.C.S.I., K.C.M.G.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. OWEN PHILIPPS, M.P.
Mr. OSWALD SANDERSON.
Mr. J. A. WEBSTER, *Secretary.*

Sir JAMES L. MACKAY, G.C.M.G., K.C.I.E., called and examined.

Sir J. L. Mackay.

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19566. (*Chairman.*) You are a Director of the British India Steam Navigation Co., and a partner in the firm of Gray, Dawes & Co., who are the London agents of that Company?—Yes.

19567. You have been requested by the Calcutta and Bombay Steamship Conferences to appear before us and to give us such information as you can?—Yes.

19568. You are a member of the Council of India, but, as I understand, you do not appear at all on behalf of the Council of India?—No. I think you have already seen Mr. Burls, the Director-General of Stores at the India Office.

19569. You have been good enough to prepare a *précis* of the evidence which you propose to give?—Yes.

(*The witness handed in the following statement.*)

1. I am a Director of the British India Steam Navigation Company, and a partner in the firm of Gray, Dawes & Co., who are the London agents of the British India Steam Navigation Company.

2. I have been requested by the Calcutta and Bombay Steamship Conferences to appear before the Royal Commission on Shipping Rings and to furnish the Commission with such information as it is in my power to supply.

3. I have put in the replies to questions which have been put forward by the Commission on various points in connection with the Conference, and I shall be glad to answer any further questions which the members of the Commission may desire to put to me.

4. I would only like to say, on my own account, that the Conference of steamship owners to the East was formed in order to prevent ruinous competition among themselves, and to organise for the benefit of the shareholders, who own the vessels engaged in the trade, regular sailings and fixed rates of freight for outward cargo. The following is a list of the normal sailings to India maintained by the Conference Lines from this country:—

Peninsular and Oriental Steam Navigation Company—
Fortnightly to Colombo and Calcutta.
Fortnightly to Bombay.
(Also occasional extra steamers to Bombay during the busy season.)

British India Steam Navigation Company, Limited—
Fortnightly to Colombo, Madras, and Calcutta.
Three-weekly to Karachi and Bombay.
(There are also occasional extra steamers during the busy season.)

Ellerman's "City Line"—
Every twelve days to Calcutta.
Every four weeks to Bombay and Karachi.

Ellerman's "Hall Line"—
Fortnightly to Bombay and Karachi.
Monthly to Karachi direct.

Harrison Line—
Every twelve days to Calcutta.

Clan Line—
Fortnightly to Colombo, Madras, and Calcutta.
Fortnightly to Bombay.

Anchor Line—
Fortnightly to Calcutta.
Fortnightly to Bombay.

Brocklebank Line—
Three-weekly to Calcutta.

Bibby Line—
Fortnightly to Colombo and Rangoon.

Well Line—
Monthly to Colombo, Madras, and Calcutta.

Giving, approximately, 365 sailings per annum.

5. It will be apparent to the members of the Commission that without some agreement amongst the shipping companies in regard to rates of freight, the business both of the merchants and shipping companies would become more or less chaotic. The Conference Lines despatch their steamers on regular dates, full or not full. It frequently happens that owing to holidays, strikes, inclement weather, fog, or temporary depression in trade, steamers are obliged to leave with considerable space. This is evident some time before the date fixed for the departure. If there were no agreement or understanding among the Lines, a company, finding its ship likely to be short of cargo, would be disposed to endeavour to attract shipments away from other companies by reducing rates of freight, which would have the effect of disorganising the market, leading to ruinous competition among the various companies and greatly disturbing the business of the merchants.

6. The Companies which have formed the Eastern Conference from time to time have been subjected to attacks by other companies anxious to get into the Conference. These companies, as a rule, when making their attacks, have posed as the friends of the shippers, and by reducing rates have secured a certain amount of support. In nearly every case where an attack has been made, the attacking party has been successful in getting into the Conference, and, after having achieved their desire, they have, as a rule, been more anxious than the other members of the Conference to raise rates, so as to recoup them for the loss which they sustained in making their attack.

7. As far as I can see, there is nothing detrimental to public policy in the Lines of steamers running to India having an agreement among themselves for self-preservation, and the Conference is within the bounds of legitimate co-operation such as is practised by practically all trades and professions throughout the country.

8. As regards the system of rebates, it is manifest that it will be impossible for the shipping companies to maintain their position with shippers without some arrangement of the sort. The Eastern Conference penalises no one. It carries all cargo offering, and does not refuse to accept cargo from shippers who do not confine the whole of their shipments to its steamers. All it does is to say: "If you give us all your shipments "for a specified time, we will once in every four or six "months make you a return in the shape of a "discount."

9. Steamship companies are not in the same category as railway companies, which have a monopoly within limits with statutory powers, and to get these they come under certain obligations to the State and to the public. Steamship companies, on the other hand, have no statutory powers and no monopoly.

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The ocean is free to all, and British shipowners are subjected to competition not only from British but also from foreign ships.

10. If my shareholders start a service of steamers to-morrow to Timbuctoo, run them at a loss for a number of years, and work up a trade which eventually becomes profitable, they are liable to be attacked in that trade by someone who never dreamed of putting a ship in it until he saw that my shareholders had made the trade. To protect themselves, therefore, my shareholders offer a discount to those shippers who stick to them, payable every four or six months, and I cannot think that this is unreasonable or that the action is such as to call for Parliamentary interference.

11. The export trade to India is to a large extent what may be described as a retail trade. The number of separate shipments by each steamer averages about 1,150, and the tonnage shipped under each shipment, excluding large consignments by the railway companies and by the Secretary of State for India, averages three to four tons. It would be inconvenient for shippers of small quantities of cargo to hold their shipments back till they had accumulated sufficient cargo to induce an outside steamer to take the berth, and it is manifestly of importance to such shippers that they should have an organisation at their hand on which they can depend to take their cargo forward with regularity as it is ready, and at rates of freight on which they can rely. To go back to the state of affairs which existed 30 or 40 years ago, when the rates of freight at which merchants would make their shipments were dependent on the state of the general freight market, and when vessels remained on the berth till they were full, would entail dislocation and uncertainty which would materially hamper trade, and would inevitably lead to the large merchant obtaining an advantage over the smaller one. As things now are, every shipper who confines his shipments to the liners is placed on the same basis as regards freight, and shippers of large parcels of cargo, who may charter or employ outside steamers to carry such parcels at lower freights than shippers of small parcels can obtain by the liners—which, under our arrangements, they are perfectly open to do—suffer by losing their rebates. Were a law enacted which prevented the liners from giving rebates to those who support them, the inevitable result would be that the smaller merchant would be killed.

12. In my humble judgment, it is better to leave the sea-carrying trade alone. If the liners are exorbitant in their demands, and if they are foolish enough to send ships away with space rather than fill them by accepting reasonable rates, matters will right themselves, as shippers of large parcels will combine to charter outside steamers at lower rates, despite any rebates or discounts that may be offered by the liners. It is entirely a matter of calculation. If, as a shipper, I have £500 due to me as rebate, and I have 2,000 tons of cargo which I can ship at a rate which, when the rebate is taken into account, will save me £600, provided the inconvenience of holding back my cargo is not greater than the saving I will make, I will forfeit my rebate and ship my 2,000 tons by an outside steamer. If, on the other hand, I can only get my 2,000 tons shipped at a rate which, when the rebate and inconvenience are considered, will put nothing into my pocket, I will ship by the liners.

13. The liners to India offer to the public the regularity and convenience of a railway service, the sailings being, as I have shown, 365 per annum, or an average of a sailing every day. The class of steamer employed by the liners has been and is gradually being improved, both as regards speed, size, and safety, and legislation which would prevent the owners combining to avoid cut-throat competition would inevitably have the effect of lowering the type of vessel which would be employed in the Indian trade.

14. It may be of interest to the Commission to know that five and twenty years ago the liner steamers employed in the trade from this country to India had a tonnage of 4,000 tons, with an average speed of 10½ to 11 knots. To-day, the tonnage amounts to an average of 6,500 tons, with an average speed of 11½ to 12 knots. The freedom from accident during this period has greatly increased, due to a great extent to the size and power of the vessels now employed as compared with those employed 25 years ago. It cannot be said that the liners have in any way starved the trade. On the other hand, the value of the vessels employed in the trade has greatly increased. Any profit after paying a reasonable dividend to proprietors has not been taken out of the business, but has been put back into it for its improvement.

19570. (*Chairman.*) In this *précis*, you speak about the Conference itself as distinguished from the system of deferred rebates, and you say in paragraph 4, "that the Conference of steamship owners to the East "was formed in order to prevent ruinous competition "among themselves, and to organise for the benefit of "the shareholders, who own the vessels engaged in the "trade, regular sailings and fixed rates of freight for "outward cargo." Then you enumerate the different Companies who form part of the Conference, and you state at the end of that paragraph that, altogether, the Conference supplies about 365 sailings per annum?—That is the case.

19571. I suppose those sailings are, if I may use the expression, pretty evenly distributed?—Yes, they are.

19572. I mean, they do not overlap considerably?—No, they do not; as far as possible we try to keep them from overlapping, and to give a regular service.

19573. And it is by means of that arrangement as to sailings that you prevent the business both of the merchants and of the shipping companies becoming, to use your own phrase, "more or less chaotic"?—That is so.

19574. If there were no such arrangement, you *think* that this would take place, that a company "finding "its ship likely to be short of cargo, would be disposed "to endeavour to attract shipments away from other "companies by reducing rates of freight, which would "have the effect of disorganising the market, leading "to ruinous competition among the various companies, "and greatly disturbing the business of the mer-"chants"; that is your view?—Yes, that is my view.

19575. In paragraph 6 you state what has happened in the case where there has been temporary competition: "The Companies which formed the Eastern Conference "from time to time have been subjected to attacks by "other companies anxious to get into the Conference. "Those companies, as a rule, when making their "attacks, have posed as the friends of shippers, and "by reducing rates have secured a certain amount of "support. In nearly every case where an attack has "been made, the attacking party has been successful "in getting into the Conference, and after having "achieved their desire, they have, as a rule, been more "anxious than the other members of the Conference to "raise rates, so as to recoup them for the loss which "they sustained in making their attack." How was it they succeeded in getting into the Conference?—I suppose they rather wearied us out; they knocked rates down so much, that in order to save ourselves we made peace.

19576. But that could only have been done by your customers becoming what the shipowners have called disloyal?—Precisely.

19577. Did they forfeit their rebates?—Yes, a certain number of them probably forfeited their rebates, if they found the rebates were less than they were likely to gain. In other cases I believe the owners of the competing vessels, who were fighting their way into the Conference, paid the deferred rebates due to the shippers which would be forfeited if they became what has been described as disloyal.

19578. That must have been done to a great extent, must it not, if the competing Line could exercise so much power over you?—Yes, it has, of course, been done to a great extent.

19579. Continuing your remarks about Conferences as distinguished from the system of deferred rebates, you say in paragraph 7: "As far as I can see, there "is nothing detrimental to public policy in the Lines "of steamers running to India having an agreement "among themselves for self-preservation, and the Con-"ference is within the bounds of legitimate co-opera-"tion such as is practised by practically all trades "and professions throughout the country." You do not see at all why shipowners may not combine and agree as to their sailings and as to rates of freight?—That is so.

19580. If I may be allowed to express an opinion, I, too, cannot see any reason why. But that is very different from the system of deferred rebates, and now I proceed to what you say in paragraph 8 about the system of deferred rebates: "As regards the system of "rebates, it is manifest that it will be impossible for

"the shipping companies to maintain their position "with shippers without some arrangement of the sort." I think the Commission would like you to explain that a little; why?—Unless the shipowners have some hold over the shippers, if an outside steamer comes on the berth with lower rates than the Conference are charging, naturally, the shippers will take advantage of the outside steamer, and freights will be knocked down and the trade will become disorganised. If the Lines are to continue to give a regular service to the East or to any other place, they must have some surety that when they put a ship on the berth, in the ordinary course of trade, barring depressions, &c., these steamers will, as a rule, get filled up and go away on their ordinary dates. But if an outside steamer comes along with a reduction of half-a-crown or 5*s.* per ton, naturally, unless the Conference reduced the rates still lower probably, or, at any rate, to the level of the outside ship, they will not get the cargo, and the whole trade will become demoralised.

19581. So that you think there must be some means of ensuring what may be called the permanence of your customers?—Precisely.

19582. And that is the main object of the system of deferred rebates?—That is one of the objects, certainly. Of course, another object is to endeavour to maintain a reasonable rate of freight, a fairly remunerative rate of freight, for the shipowner.

19583. But, again, that object is effected, in your opinion, by securing the permanency of your customers?—Yes, it is.

19584. We know from the evidence we have received that the system of deferred rebates is not the only method which has been adopted for the purpose; for instance, there are agreements between shipowners and merchants to the effect that the merchants shall ship only by a particular Line of steamers; and there are other arrangements?—That is so. In some cases, contracts are made extending over a period of years with certain shippers at fixed rates of freight, where large parcels are being shipped.

19585. In paragraph 9, you point out that steamship companies are not in the same category as railway companies; and I think we all agree with you as to that point. I will now ask you a question which has been mooted by several of our witnesses, namely, where the system of deferred rebates exists, do you think that the shipowner should be at liberty to raise rates of freight without the consent of shippers and merchants? Do you see exactly what I mean? There has been strong evidence given us to this effect—that the system of deferred rebates really imposes fetters upon the merchants, that they cannot free themselves except by forfeiting what may be a large amount of rebates, and that, whilst they are so fettered, the shipowners are at liberty to raise the rates of freight without their consent. It has been urged before us that that leads to injustice and is unfair. What do you say to that?—How are you going to get the shipper's consent? I do not know how it is going to be got if he will not give it and the shipowner is tied. Assuming that the outward freight from London to Calcutta are on the basis of an all-round rate of, say, £1 per ton—take an average rate of £1 per ton—then a ship carrying 6,000 tons of cargo makes an outward freight of £6,000—that is probably beyond the mark, as a rule—and assuming that homeward freights are at an average of 25*s.* per ton, that will give him, all round, something like £14,000. But assuming that the homeward freights dropped materially—to 15*s.* per ton—then the ship cannot pay her expenses unless she gets something more on the outward cargo. So that, practically, the outward rates are governed a good deal by the homeward rates; and that must always be the case. You have got to calculate what the round voyage is likely to secure you.

19586. As regards that, two views have been suggested to us; one is, that where the system of deferred rebates prevails, the trade, by which I mean the merchants, should be represented by a committee, and the shipowners should be represented by a committee and those two bodies should meet periodically, and the rates of freight should not be raised without the consent of that conjoint committee, and if they could not agree, then the question should be decided by arbitration. What do you say as to that?—I should think there would be very great difficulty in working it, because, I suppose, there would be no power to compel the shipowner to send his ship to sea.

19587. No, certainly not?—So it would be very difficult to work it. If he does not get the rate of freight he wants, he does not send his ship.

19588. The same difficulty occurs between seller and buyer; the seller is not bound to sell, and the buyer is not bound to buy?—That is so; but that is not settled, as far as I know, by any arbitration; and freight is also an article of commerce.

19589. That is true; but then you must take into account the peculiarity of the system of deferred rebates. I am not expressing an opinion on the point; I am only giving you the opportunity of answering the views which have been urged before us. That peculiarity is, that the system of deferred rebates imposes fetters and binds the merchant, so that he cannot get rid of it?—I think the merchant, as a rule, is fairly well able to take care of himself. If the shipowner is exorbitant in his charges, and is levying a higher rate of freight on the shipper than is really the market rate for the time being, the shipper will be able to get some other body to come along with a steamer, and he will be able to coerce the liners to reduce their freights. That is what has happened in the past, and I have no doubt that the same economic rules will apply in the future.

19590. That is the view which Sir Thomas Sutherland also implies or expresses in regard to the evidence which he is putting before us, namely, that if the shipowners were to act unjustly or oppressively, there would be a combination of merchants?—Undoubtedly that would be the case.

19591. Which would deal effectively with the shipowners?—Certainly.

19592. That is your view, is it?—That is my view. I have not seen Sir Thomas Sutherland's evidence.

19593. It is in one of the documents that we have had from him that he makes use of that expression?—I do not know whether you have had any evidence with regard to the Eastern trade having been too severe upon the merchants to the effect, for instance, that the rates of freight to Calcutta were too high?

19594. Yes, we have, and I shall ask you about that, but as Sir David Barbour is obliged to leave early, I should like to defer that and to give Sir David an opportunity of putting his questions now?—Certainly.

19595. (*Sir David Barbour.*) I merely wish to ask a few questions about the Calcutta Conference. In the trade between Calcutta and this country, is there practically any opposition to the Conference at the present time? Is there any real outside competition?—From London to Calcutta?

19596. From London to Calcutta, or, say, from England to Calcutta?—Yes, there is every now and again—every month or so. I cannot say there is anything at the present moment, but we constantly have steamers being put on the berth against us.

19597. An occasional steamer?—Yes.

19598. It does not come to very much, I think?—I think probably about 10 or 12 a year. Temperleys, Carter and Darke, the brokers, put on steamers.

19599. Ten or 12 as against 365 is not much?—The 365 means Calcutta and all ports.

19600. And the 10 or 12 are from London alone?—Yes.

19601. Is there no competition from the other ports?—No, not as a rule.

19602. I was speaking of Calcutta?—There are 10 or 12 going to Calcutta, as a rule. We had a fight not long ago with the Well Line; it began about a couple of years ago, when we had a fight with the Hansa Co., and the Well Line succeeded in getting admitted into the Conference.

19603. You say that the check upon the Conference against their putting rates up too high is, that if they put them up too high, the merchants will be able to combine to bring in other competitors?—Yes, I think so.

19604. That would depend a good deal upon the nature of the trade, and upon the power of the merchants, would it not? In a place like Calcutta, where the merchants are no doubt powerful, and the trade

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between Calcutta and England is large, probably they could fight their own case?—Yes.

19605. But there might be other places where the trade was not so large and the merchants were weaker, where they could not hold their own against a Conference?—Yes, that might be so in some small place.

19606. That might be so in places?—Yes. But, of course, it is not to the interest of the shipowner to starve a trade, or to throttle a trade, or to kill it.

19607. Not absolutely to starve a trade in any case, of course?—It is not his interest to do so.

19608. Besides that, there is the danger that he might bring in competitors if he charged too high a rate?—Yes, there is.

19609. Do you think the system of deferred rebates is really of much advantage to a Conference?—Yes, I think it is. I think it steadies the whole trade, and I think it is an advantage to the merchants and an advantage to the shipowner.

19610. Objection is raised to the Shipping Conference or Ring, which fixes rates, chokes off competitors, and then binds the shippers by a system of deferred rebates—the objection is to the combination?—Yes, I understand.

19611. Do you think it would be possible for a Conference to work if they gave up deferred rebates, and said, "If any shipper enters into an agreement with "us to ship all his goods by the Conference Lines for "a year, we will give him, say, 5 per cent. less than "the market rates." Do you think that would work?—How are you going to arrive at the market rate?

19612. That is for you to say?—There is a great difficulty about that.

19613. An extreme difficulty?—Yes.

19614. The objection put to us is to the deferred rebate, which, as the Chairman says, imposes fetters to a greater or less extent?—Quite true, it does.

19615. The objection is to the combination which shuts out competition, fixes rates by a Conference of shipowners, and binds the shipper by a system of deferred rebates? A system which might, in some cases at least, be disadvantageous to the shipper?—My opinion is, that the shippers and the shipowners had much better be left alone to work out their own salvation. Under the Conference system and the deferred rebate system, they have got up a service to the whole of the ports of India—Bombay, the Coromandel Coast, Colombo, Madras, and Calcutta, and Burma—which is all that they can possibly desire.

19616. The objection to that solution is that some of the shippers say that they are not left alone, but that they are tied by the rebate system?—Yes; they are in self interest tied to those lines which promise the rebate.

19617. That is the real difficulty?—They are tied; and I do not think it has been to their disadvantage that they have been tied, if you look at the service which has been rendered.

19618. (*Chairman.*) You prefer the system of deferred rebates to the system under which contracts are made between the merchants and the shipowners to the effect that the merchants shall ship for a certain period of time their goods by one particular Line only?—Yes.

19619. You know there are many contracts of that kind?—Yes, but it would be rather difficult to work out. You see the Conference Lines belong to different people; if all the Conference Lines were owned by one company, it might be possible to do that; but I do not very well see how it would work as things are. If the ships all belonged to one company and the shippers were all combined and could give an undertaking to ship definite quantities within definite times, that might be done, but I think it would be very difficult to work with six or eight companies, as there are in the Calcutta Conference, and with hundreds of different shippers of a great diversity of goods all more or less competing with each other.

19620. Has it not been done by the Conference Lines?—I do not think so. In one case, as far as I can recollect, an arrangement was made with the Manchester shippers of Bombay piece-goods, but I do not think that any other arrangement of the kind was ever made; at any rate, I am not aware of it.

19621. Allow me to trouble you a little further on that point, because it is not quite clear to me. The members of the Conference agree that they shall always charge the same rate of freight?—Yes, they do.

19622. Why cannot they agree amongst themselves that they will allow those merchants who are loyal and ship only by the Conference Lines a discount of 5 per cent. or 10 per cent. off?—That is what they do now.

19623. But, then, they hold it back?—Yes. Would you propose a contract made once a year?

19624. I should not limit it to one year; it might be two or three years?—You would require to get all the shippers to join together to make this agreement with the Conference.

19625. Pardon me; would it not be enough to issue a circular, and to state that any shipper who ships only by the Conference Lines will receive a discount?—That is what we do now.

19626. But you retain the rebates, and, as you see, that is a perpetual agreement?—Yes, it is a perpetual agreement.

19627. I am not expressing the opinion of the Commission, and I do not say it is an insuperable objection, but that is the strongest objection which has been made against the system of deferred rebates?—I quite understand that point.

19628. We should be extremely obliged to you if you would suggest any modification of the system which would remove what, at first sight, at any rate, appears to be a serious evil and disadvantage. If it could be possible, we would like to have your assistance very much, as we all know your great experience in these matters. Do you not think some mode might be suggested? You quite see what I mean, do you not?—Would you propose a cash discount to be paid over the counter when the freight was paid?

19629. I do not propose anything; I want to know whether you can suggest anything?—I am only trying to think it out in my own mind. If it came to that, you might say to a shipper, "If you confine your ship-"ments to us we will charge you, until further notice, "20*s.* per ton; and as long as you confine your ship-"ments to us, we will give you a discount of 5 per "cent., making your rate of freight 19*s.*"; but you would have no hold upon the shipper whatever, if an outside steamer should come along, and while bound to carry his goods you could not force him to ship them.

19630. I quite follow that?—Unless you have got some hold upon the shippers, I do not see how the Conference can really bind the shippers to them.

19631. (*Sir David Barbour.*) The shippers would have to make a contract for a definite time, and they would have to sign an agreement?—They would have to sign an agreement.

19632. So as to give you a hold over them?—They would have to do that. And then after they had contracted for 20*s.*, it would be just as bad as before; and if an outside steamer came along carrying their neighbours' cargo for 10*s.*, they would say, "This is very "hard; we have got a contract with you, but here we "are and our business is being ruined, because our "neighbours are shipping galvanised iron at 10*s.* per "ton, and we are paying you 20*s.*"

19633. Even as it is now, if that happened, you would have to meet them, would you not?—If an outside steamer comes along, the Conference reduces its rates in order not to penalise the shippers.

19634. (*Chairman.*) That you do?—Yes, we do that; we are obliged to. If an outside steamer is put on the berth, and they find other people are shipping, our shippers practically insist upon the rate being reduced, and I think I may venture to say they are always met.

19635. So, I may take it, that your definite opinion is, that the advantages which are conferred on merchants by the Conference, and by the system of deferred rebates, could not be effectually secured by any other system than that of the system of deferred rebates; that is your definite view, is it?—I think so. I would not, perhaps, go so far as to say that it might not be possible to work out another system; but where the Lines all belong to different owners and the number of shippers and the kinds of cargo are legion, I think it is almost impossible, as far as I can see, to build up any system that would safeguard the shipowners and at the same time procure for the merchants a regular and good service of steamers.

19636. (*Mr. Lawrence.*) Other than the existing system?—Other than the existing system, or something like it. It may be possible to work out some other system, and I do not give that as my definite and conclusive opinion; but I cannot think of another system at the present moment.

19637. (*Chairman.*) Would you be ready to consider that question seriously?—Yes; I would be very pleased to do so.

19638. Would you be good enough, when you have time, to communicate to us the result?—Yes, I will. If it was one company only trading to Calcutta and there was only one company there, I can quite understand that it would be possible to make an agreement with the shipper.

19639. I think I can say that we should be extremely indebted to you if you could suggest any system which would do away with what I may call the permanence of the fetters now imposed. You quite see what I mean, do you not?—Quite. You may rest assured of this, I am perfectly certain, that there is no disposition on the part of the shipowners trading to the East to do anything to injure their constituents, because they live by them.

19640. I quite think that?—I do not think there is anything in the way of exorbitant charges made; there is every disposition to meet them fairly, and at the same time to try and make a decent dividend for our shareholders.

19641. Still, you would oblige us by considering that, and by writing a memorandum on the subject, if you would kindly do so?—I will do so.

19642. We shall be extremely obliged to you if you will do that. In paragraph 11 of your *précis*, you point out an important fact, namely, that the export trade to India is to a large extent what may be described as a retail trade. It is, of course, all-important that there should always be steamers ready to ship these small parcels, and that service of steamers is really secured by the Conference system of regular sailings?—Yes.

19643. On one point there has been very strong evidence, indeed, with which, I suppose, you would agree, that there is an understanding, I will not say a definite agreement, that large shippers will not be preferred to small shippers. You charge the same freights, do you not, to small shippers as you do to large shippers; you do not make any difference, do you?—We do not, where they are under the rebate system.

19644. I mean under the rebate system?—We make no difference so far as I know—not a penny.

19645. So that, in that way, the rebate system protects the small merchant?—It does; and the big shipper, if I may be permitted to say so, is able to protect himself, in the same way as my friend, Sir David Barbour, is able to protect himself as a Director of the East Indian Railway Company. He does not come under the rebate system; he has large quantities of cargo which he puts up to tender, and he gets it carried at a good deal lower than the ordinary market rate.

19646. (*Sir David Barbour.*) When those tenders are made, is it not the fact that the only tenderers are members of the Conference?—No, I think not.

19647. That is my experience?—You will find that very often you have been able to get steamers from Temperleys and from other Conference opponents.

19648. It may be so, but I have not noticed such tenders.* Is it not the case that all the tenders are at the same rate?—The Conference always tender at the same rate.

19649. All the tenders I have seen are at the same rate?—The Conference, naturally, put in tenders at the same rate; but they are subjected to the competition of the outside market.

19650. The outside market, so far as my experience goes, never comes in. Is it not the case that in those tenders it is generally said that the tenderers will either take all the articles or none of them?—They sometimes do that—and very good business, too. It is done to protect themselves; because, otherwise, they would be landed with the objectionable stuff, and the better stuff would go outside.

19651. Is not this the object of saying they will either take all or none, that as the Conference are always sending out steamers, they can take the whole of the freight in, say, 10 or 12 shipments at different times?—Yes. That is to say, when cargo is to put up for tender shipment at different ports, say, London, Middlesbrough, Liverpool, Glasgow, Cardiff, Newport, and an outside steamer is loading in London, the Conference do not want the opposition steamer to get the London cargo and to be landed with the other ports' cargo only, so they tender "all or none."

19652. And they know that the casual steamer can only take one shipment?—That is so.

19653. Therefore, by tendering for all or none they absolutely shut out the casual steamer?—They try to.

19654. And in practice do it successfully?—But I think you must admit that you get uncommonly cheap rates of freight.

(*Sir David Barbour.*) Without saying freights would not be lower under a different system, I admit that we are not badly treated.

19655. (*Chairman.*) If the rebate system were made illegal in England by statute, whilst that system was legal in Germany, have you considered what effect that would have upon British shipping?—I think it would be uncommonly awkward for British shipping.

19656. Do you think British shipping would be seriously handicapped? What effect would it have on British shipping, if any?—I think it would have the effect, in the first place, of bringing about great disorganisation among the regular Lines of steamers, and I think it would lead, as I have said in my *précis*, to more or less chaos among the shippers. People would not know where they were in regard to rates of freight. I think it would have a very disastrous effect upon the export trade generally, if there were no regularity in rates of freight, and people did not know what they were going to pay.

19657. I want to point this out more sharply: It has been suggested that the system of deferred rebates confers benefits both on merchants and on shipowners; for the purpose of what I am now putting to you, let us assume that it confers a certain benefit upon shipowners; if British shipowners are deprived of that benefit by legislation, whilst German shipowners retain the benefit, do you think that British shipping would be injured?—I suppose the German ships would only retain it so far as Germany is concerned?

19658. Yes, so far as Germany is concerned?—British ships take very little cargo from Germany, and so I do not know that it would affect them very much.

19659. (*Mr. Owen Philipps.*) Might it not have the effect, in the case of a freight war with German steamship companies, of opening the English ports to attack by the German steamers, while making it impossible for the English shipowners to retaliate on the German ports, owing to the deferred rebate being in force in Germany and not in England?—It would certainly prevent British ships from attacking Germans in German ports.

19660. And it would leave the English shipowners open to attack by the Germans?—Yes, that is right. It would leave the German shipowners free to attack British shipowners in British ports.

19661. (*Chairman.*) Still, you do not think that that would seriously injure British shipping; it seems to me that that is your view?—It might undoubtedly, if there was a fight between German shipowners and British shipowners. We had an experience of that a couple of years ago, when the P. & O. and the British India were fighting the Hansa Line. They wanted to debar us from taking cargo from Antwerp altogether, but we said we must reserve our right to go to Antwerp. We had great difficulty in doing anything to attack them in Hamburg, owing to the rebate system there.

* Messrs. Temperleys, Carter & Darke subsequently wrote to Sir D. Barbour as follows:—"We have been in the habit "from time to time over the last 14 years of tendering to this Company for conveyance of their stores to Calcutta, during "which period we have carried large quantities of cargo for their account. Our recent experience, however, is that we have "met with but poor success in that quarter, only two of our tenders having been accepted since July last out of a total of "fifteen lodged. How far this result is due to the East India Railway Company permitting the clause "all or none" to be "inserted by the Conference Lines, it is of course impossible for us to judge, but it stands to reason that this clause must "render independent offers of tonnage futile and have the effect of killing any genuine competition."

Sir D. Barbour furnished the Commission with a record of the tenders received from Messrs. Temperleys since the insertion of the condition "all or none" in Conference Lines tenders. This record shows that in several cases the Messrs. Temperleys' tenders would have been accepted for portions of the stores requiring shipment had it not been for the "all or none" clause in the tenders of the Conference Lines.—J. A. W.

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19662. (*Professor Gonner.*) Was there a rebate system there as well, at the same time?—Yes, there was. They reduced the rates so much that our rates had to come down, and, practically, the rebates had to go up to something like 25 or 30 per cent. It was understood, too, that they offered to make up to shippers any rebates they might forfeit through shipping by them.

19663. (*Chairman.*) Now I wish to ask you some questions outside your *précis* of evidence, in reference to matters which have come before us. There is an outward Conference to Calcutta, is there not?—Yes.

19664. You have, I think, handed in the agreement under which that Conference is formed and conducts its business, but that you have communicated to us as a confidential document?—Yes; we should not like that to be made public.

19665. I dare say you will not mind my asking you a few questions upon it?—Certainly not.

19666. Perhaps, you might prefer all the questions that I have to put to you being put in private in the absence of the Press, but I think I can put to you a few questions which you will not object to answer now; of course, as soon as you wish to stop, tell me. The objects prescribed in the agreement are "to maintain "a regular and sufficient supply of steam tonnage to "meet the requirements of Calcutta, to distribute this "tonnage in such a way as to avoid waste, to regulate "the rates of freight and passage money and dates of "departure, and, generally, to consider, with a desire "to meet, the reasonable wishes of shippers, in the "hope that they, equally with the parties to this "agreement, may find it to their interest to keep the "business in its present channels"?—Yes.

19667. You do not see anything to object to there?—No; I think that is quite reasonable.

19668. The document states the Lines that are parties to the agreement; those we know, but have you any objection to stating them?—I do not think there is an objection to that; they are perfectly well known.

19669. They are the P. & O., the British India, the City Line, Messrs. T. & J. Harrison, the Clan Line, the Anchor Line, and Messrs. T. & J. Brocklebank?—That list has been added to since.

19670. The Hansa Line and the Well Line have subsequently been admitted, have they not?—The Well Line, which is a British Line, and the Hansa Line, are also in it.

19671. They are in it at least to the extent of carrying goods from Middlesbrough?—Yes.

19672. There are clauses in the agreement which limit certain Lines to sailings from the east coast, and certain other Lines to sailings from the west coast?—Yes, that is so.

19673. Perhaps, Clause 7, which relates to tenders, you would not like to give information upon in public?—I think I would rather not; it really relates to the internal economy of the Conference.

19674. Now just look at Clause 9; have you any objection to my asking you a few questions with regard to that?—I do not see any objection there.

19675. Clause 9 provides that rebates are "to be "agreed locally and not in general conference as "regards shipments from London, Liverpool, and "Glasgow, but so that the percentage of rebate allowed "shall equalise the rate at the respective ports, it "being a principle of the Conference that the same "minimum local rates shall rule at London, Liverpool, "and Glasgow." I dare say I ought to understand that, but will you just explain that to me a little?—Suppose the Glasgow people find it necessary to make their rebate 20 per cent. and the rate was 20*s.* per ton, that would bring it down 4*s.*, and would make a net rate of 16*s.*; if the net rate from London was 16*s.* that would be all right, but if the net rate from London was 17*s.*, then the Glasgow people would require to raise their rate so as to bring their net rate down to what the net rate from London was.

19676. It means that the net freights are to be the same?—Yes, "the same minimum local rates shall rule "at London, Liverpool, and Glasgow." The net freight remains the same, so that there is no advantage given to any of the ports.

19677. Is that rule observed?—Yes, I think so, so far as I know. We do not bother each other very much, but there is a code of honour which exists, and I think it is carried out.

19678. I think, in the course of 1905, a dispute arose between the P. & O. Company and the Hansa Line, in regard to the right of the P. & O. Company to load at Antwerp?—Yes.

19679. The German Line withdrew from the Ring—or the Conference, if you prefer to call it so?—I have no objection to the word Ring.

19680. Then a freight war ensued between the two Lines for the freight between Middlesbrough and London and Calcutta?—Yes.

19681. Then, of course, rates to the East fell very much?—Yes.

19682. The Conference had to lower its rate, and they did so, I believe, by increasing the rebate?—Yes, they did.

19683. That dispute between the P. & O. and the Hansa Line has now ceased?—Yes.

19684. It has been settled?—It was settled over a year ago.

19685. What consequence has that had on the rates of freight?—The rebates went back to the normal figure.

19686. That is to say, it has produced no permanent effect?—It produced this effect, that the Hansa Company in their fight with the P. & O. and the British India, naturally looked about for friends to help them, and they got the Well Line to help them. I do not know whether they financed them and gave them some backing, or some subsidy, but the Well Line joined hands with the Hansa Line and attacked the P. & O. and British India. The result was, that when we came to make the agreement eventually, the Hansa Line and the Well Line were admitted into the Conference. I would say, if I might do so, that the Well Line before that had been putting on outside steamers and opposing the Conference at every opportunity, and they took advantage of this fight; then they came into the Conference, and now we are all friends together.

19687. Mr. Langdon, the President of the Manchester Chamber of Commerce, drew our attention to the great difference in the freight to Calcutta, 30*s.*, as compared with that to Bombay, 18*s.* 6½*d.* How do you account for that difference? Do you attribute it to the activity of the Bombay Merchants' Associations?—I think probably that was owing to the activity of the Bombay Cotton Importers' Association. They were able to combine together, and to undertake to give all their shipments to an outside Line a good many years ago. Their shipments are extremely large, and every two or three years they make a contract, and they get very favourable rates of freight.

19688. If the shipowners can do their business profitably at a rate of 18*s.* 6½*d.* to Bombay, it has been urged that that shows the rate of 30*s.* to Calcutta is excessive?—The distance to Calcutta is considerably more than the distance to Bombay, and the port charges are very much heavier. The expenses of a voyage altogether from Liverpool to Calcutta are very much more serious than they are from Liverpool to Bombay.

19689. You understand, I am only trying to give you an opportunity of explaining, and I am not expressing an opinion. You say, there is no reason to believe that the rate of freight to Calcutta is excessive, when it is 30*s.*, and the rate of freight to Bombay is 18*s.* 6½*d.*; you say, for instance, that the distance is greater and the charges are heavier?—The charges are heavy in Calcutta. It is so difficult to say what is a high rate and what is not a high rate. It may be that this low rate of freight on piece goods from Liverpool to Bombay necessitates a higher rate on other goods. On the whole, it all averages out. Assuming that the cost of a voyage from Liverpool to Bombay is £12,000, if you are systematically making a gross return of £18,000 you will very soon get your rate of freight down, because the profit is too much; on the other hand, if you are making £13,000 or £14,000, or sometimes only £10,000, then the chances are that there is not much competition against you.

19690. Some complaints were made that the Conference gives a preference to the east coast over the west coast in the way of rates of freight; are those complaints justified in your opinion by the facts?—That the Conference charges a lower rate from the east coast than the Conference charges from the west coast?

19691. Yes?—I do not think that is possible, because, if it were so, the west coast would immediately pull up the east coast, as it would be attracting away goods.

19692. (*Professor Gonner.*) Was it the case during the Hansa fight?—Yes, I think it was; and there were serious complaints made by the west coast people.

19693. You think during the Hansa fight the rate was lower?—Yes, it was; we had to do it then.

19694. So Clause 9 of your agreement during that time was not observed?—No. The west coast people saw that we were obliged in self-defence to charge lower rates.

19695. (*Chairman.*) Of course, that was not due to the Conference system at all?—No, not at all.

19696. And no such difference exists now; in fact, one of the rules of your Conference is to the contrary?—Yes, Rule 9.

19697. That says, net local rates shall prevail?—Yes. We would pull each other up if it were to happen.

19698. Now a few words about the trade imports from Calcutta. A Conference has existed in that trade, I believe, since the year 1886?—I was there when it was started.

19699. The Lines at present constituting the Conference are the P. & O., the City, the Clan, the Harrison, the British India, the Anchor, and the Brocklebank Line. Do the operations of this Conference extend to any kind of cargo other than tea?—Practically not. They agree amongst themselves once a week, perhaps, two or three times a week, not to undercut each other in the market; but the market in Calcutta is so large, and the bulk of goods coming home to Europe is so much greater than the Conference can carry, that it is a matter of no consequence really, and it does not count. All that they do is not to compete with each other. There is an enormous outside market there, altogether independent of the Conference Lines.

19700. The Conference applies to the carriage of tea?—Yes, it does; they have an agreement with the tea shippers.

19701. And it does not extend to any article except tea?—No, practically not.

19702. Do the rates of freight from Calcutta for goods other than tea vary much?—They vary, practically, every day, and very often two or three times during the day, the bulk coming home is so much greater than the bulk going out. The value of the cargo going out, to begin with, is less—the balance of trade is in favour of India so much—and the bulk of the cargo coming home is greater than that of cargo going out; for instance, take jute, £15 worth measures a ton, and then you get linseed and rice, both bulky cargo. On this account more tonnage is required for the trade from India than is required for the trade to India.

19703. Is the homeward trade from Calcutta in articles other than tea carried on by tramps?—By outside steamers, tramps, and Germans. It is the same from Bombay.

19704. We have been furnished with the history of the tea trade, and I should like you to supplement our information a little. There exists an association which is known as the Indian Tea Association; when was it first formed?—I should think probably 30 years ago.

19705. The Conference Lines endeavoured at first to introduce a system of deferred rebates?—Yes.

19706. That did not succeed?—I think there was a deferred rebate existing for a long time.

19707. Did it exist?—I think so; but on that point I cannot be quite certain.

19708. Still, this is the first instance in which a combination of merchants was able to prevent a continuance of the rebate system?—Yes, it was.

19709. This, I suppose you would say, corroborates the view you have expressed, that merchants are not powerless if they choose to combine?—They are able to take care of themselves.

19710. In 1895, through the medium of the Indian Tea Trade Association, an agreement was made between the shippers of tea and the Conference Lines, which has been put in, so I need not trouble you very much with the terms of that agreement. I see that the mode in which the rate of freight was to be determined was stated in that agreement, and depended upon the rate of freight for jute, linseed, and wheat, or rough cargo?—Yes. That was the old agreement.

19711. I mean, that was the first agreement. There is an important clause by which the Conference Lines, in their turn, guarantee that if they carry tea for any body at a rate lower than that fixed under the agreement, all the signatories to the agreement shall have the benefit of the reduced rate. Then, the agreement could be put an end to by two years' notice, but it was not to terminate before March 31, 1900. This agreement is remarkable in two respects; in the first place, there is no system of deferred rebate under it?—No.

19712. And in the second place, it is a terminable agreement?—Yes.

19713. There were objections, after a certain time, raised to the mode in which the rate of freight was determined by that agreement, I think?—Yes.

19714. I see one of the witnesses, Mr. McLeod, stated that, in order to maintain a high rate on rough cargo and prevent the rate on those commodities from being a correct indicator of the freight market, the Conference Liners used to leave Calcutta with empty space rather than lower the rate in order to attract cargo. Whether or not that statement is correct, there were objections to that mode of determining the rate of freight, and another agreement was formed in place of the agreement of 1895, I think?—Yes. I made that agreement, and thus put an end to all that trouble, by giving a fixed rate to the tea shippers. That put an end to the constant quarrelling that had been going on as to the rate for rough cargo on which the tea vote was based.

19715. It was fixed by that agreement at 32*s.* 6*d.* per ton of 50 cubic feet, subject to a rebate or discount of 5*s.* when the freight is paid?—Yes; the net rate now, I think, is 27*s.* 6*d.*

19716. 5*s.* off 32*s.* 6*d.* would make it 27*s.* 6*d.* In the new agreement do the merchants undertake to ship only by the Conference Lines?—Yes.

19717. And you trust them? What I mean is, that there is no system of deferred rebates, but you pay the discount when the freight is paid?—Yes.

19718. What security have you that the shippers will not ship tea by other Lines?—The tea trade is rather a peculiar one. We have the security that there are no other steamers coming from Calcutta who can carry the tea to the satisfaction of the shippers. We have always got steamers on the berth; the shippers pour the tea down to suit their own convenience, and it is always taken in, and we are always very glad to take it. The Conference liners, in addition to being able to assure proper stowage of tea away from cargo likely to damage it, are also the fastest ships coming home, doing the passage in from 31 to 36 days, and tea merchants are always anxious to get their tea home as quickly as possible, it being a valuable cargo, and they being desirous of getting into the market. Tramp steamers or outside steamers that come on the berth cannot get a pound of tea. So we feel perfectly secure, having made an agreement in regard to the net rate of freight, that we will get all the tea; and, as a matter of fact, we do.

19719. Of course, if you found a merchant broke this agreement and shipped tea by outside steamers, you would be perfectly justified in charging him at a higher rate of freight?—Yes, we would. We can do that.

19720. Will you just tell me, as it rather puzzles me, why that discount is allowed? Why is not the freight fixed at 27*s.* 6*d.*?—It gives us a hold on them for about six weeks. I was quite prepared, from my own point of view, when I was negotiating that agreement with the tea shippers, to make the net freight 27*s.* 6*d.*; but some of those who were interested in the Conference preferred the 32*s.* 6*d.* less 5*s.*

19721. Merchants are rather fond of the method of discount, I believe; they like to have a discount. I remember that a very eminent judge has said a discount is a sound sweet in the ears of a merchant?—Exactly; that is so.

19722. Have you been made aware of any strong objections to the existing arrangement in regard to tea?—No, I do not think so. I think everybody is perfectly satisfied with it. No doubt they would like to have the tea carried a little cheaper.

19723. Some of the Lines which are in the Conference do not carry tea from Calcutta, do they?—I think Brocklebanks do not; but, then, they do not run very regularly to London. There is, practically, no tea goes to Liverpool; it all comes to London, and the steamers of the Conference Lines which do not come to London, of course, get no tea.

19724. I believe the Anchor and Brocklebank Lines do not carry tea?—They do not get much.

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19725. Is there any arrangement under which they share the profit?—Yes, they get a share in the pool. The freight over a certain amount is pooled, and they get their share.

19726. Now I will take you to the trade with Bombay. The history of the Bombay Native Piece Goods Association was given us at great length by Mr. Langdon ; and I have already told you about it. That, again, forms an illustration of your view that it is not impossible for merchants to combine effectually?—Yes.

19727. Now as regards the Bombay trade homeward, is there any rebate system in that?—No ; there is no homeward Conference.

19728. In fact, there are comparatively few trades homewards where the rebate system does prevail?—Yes. I think that is explained by the fact that the bulk homewards is much larger than it is outwards, and, consequently, the number of steamers required to bring the trade home is far greater than the number of steamers required to take it out. Ships take out cargo to the Cape, and they go up to Bombay to load home ; or they take a cargo of coal to Aden, and they go to Bombay to load home ; or they go out to Australia, and then go up to Bombay to load home.

19729. Are a great many firms employed in the trade homewards?—Yes, a great many ; and a tramp gets just as good a rate homeward as the liner does.

19730. Are the freights pretty steady in the trade homeward?—No. The homeward trade is very spasmodic, and no reliance whatever can be placed on it. The rates fluctuate very much.

19731. Now as regards the trade with Karachi ; does any Conference exist there?—Outwards there is a Conference, but homewards there is not. We agree for outward rates, but there is no agreement for homeward rates.

19732. What is the rebate?—It is the same as for Calcutta and Bombay.

19733. Do you know anything about the trade between Calcutta and the United States?—I do not know very much about it. It has opened up a good deal since I left Calcutta, which was 15 years ago. It is carried on by the Anchor Line, I think, and by Weirs —Andrew Weir & Co. It used to be carried on by sailing ships.

19734. You are concerned in the trade between Calcutta and New Zealand, I think?—Yes, we are.

19735. There is a Conference in that trade, is there not, consisting of the British India and Messrs. A. Currie's Australian and Indian Line?—Those are the two ; then there are McIlwraith, McEacharn & Co., and the Union Steamship Co. of New Zealand.

19736. (*Captain Collins.*) Is that a Conference out and home, or only out?—Only out ; there is nothing comes back ; except horses and coal.

19737. (*Chairman.*) We have had a suggestion that in consequence of the Australian Industries Preservation Bill, the Conference Lines have given up the system of deferred rebates, and have instituted a system under which they take cargo in Calcutta at a certain tariff rate, on condition that shippers give their entire and loyal support ; is that the case?—I am not quite sure ; but my impression is, that in my old days the freight used to be payable in Australia, but as they cannot now give a rebate in Australia, they have made the freight payable in Calcutta, and they give the rebate there. I think there is still a rebate. As a matter of fact, we have been attacked there now for several years by an outside speculator, Scott Fell, and the rates were knocked down to practically nothing for a long time—7*s.* 6*d.* per ton. I think he has now retired, and we have gone back to the normal freight.

19738. Is there an extensive trade between Calcutta and Australia and New Zealand?—I think the amount of cargo sent down from Calcutta to Australia and New Zealand totals between 60,000 and 70,000 tons per year ; it is not very much.

19739. What does it consist of, principally?—Mostly gunny bags, castor oil, linseed, rice, a certain quantity of tea, and a considerable quantity of oil-cake.

19740. The trade in gunnies is very extensive, is it not?—It is a very extensive trade.

19741. It has increased and is increasing?—Yes. I do not think the Australian trade has increased very rapidly, but it is growing. We started at first with steamers in about the year 1884 ; it was then we sent the first steamer down to Australia. It used to be carried by sailing ships before then.

19742. (*Sir John Macdonell.*) Are you acquainted with the trade between Calcutta and South Africa?—We were in that trade for a number of years, working with Donald Currie & Co. We carried the cargo down as far as Mauritius, and it was transhipped there into their steamers. We worked up a considerable trade there. Then a firm, Andrew Weir & Co., came along and cut in, and they are calling in at the Cape now, on the way to the United States. Practically they have knocked out our arrangement with Donald Currie & Co.

19743. Have you now or at any time, to do with the direct trade from Calcutta to South Africa?—No. We have sent a ship occasionally, but our arrangement was, that we transhipped and handed it over to Donald Currie.

19744. In the evidence given before the Sub-Commission in South Africa, it was stated by one witness that certain members of a Conference in that part of the world refused to carry the goods of shippers who were not bound by the rebate system ; have you ever heard of such an act?—No, never.

19745. You are not aware of it?—No. I have never known anybody refuse to carry goods.

19746. Another witness stated to the Sub-Commission, that before the rebate was payable in the Calcutta trade, there had to be not merely loyalty on the part of the importer, but loyalty also on the part of the shipping agent at Calcutta ; have you ever heard of such a condition?—No, never. If the shipper is loyal, the shipowner does not care whether the consignee is loyal or not.

*19747. So far as you know, these statements to which I direct your attention are not accurate?—I put it in this way : Assuming that A is a loyal shipper and B is not, and A consigns to C and B consigns to D, we would not penalise D because he was getting shipments from B who was said to be disloyal.

19748. Then, according to your experience, that statement is highly improbable?—My experience is, that we are not looking out for disloyal shippers ; we want to shut our eyes to them as much as possible, and if a disloyal shipper comes back to the fold we welcome him with open arms,—of course, retaining his forfeited rebate!

19749. Might I ask you to put one point a little more clearly than I think you have done, although all your explanations, if I may be allowed to say so, have been singularly clear? Is there a division of the various ports in India between the members of the Conference? Do certain members of the Conference go to Calcutta and only to Calcutta, and certain members to Bombay and only to Bombay, for instance?—The P. & O., of course, go to Bombay, Colombo and Calcutta ; the British India go to Karachi, Bombay, Colombo, Madras, and Calcutta ; the Ellerman Line and the Hall Line go to Karachi and Bombay, and also to Colombo, Madras, and Calcutta ; the Harrison Line do not go to Bombay at all—they only go to the east coast of India.

19750. That is the practice. Is there any agreement between you, by which each member of the Conference has got its sphere of influence, so to speak?—I think it has grown up, and we have found ourselves in these different trades, and when we found ourselves there and came into agreement, we said, for instance, "We "will remain there, and we will not go and attack "you in your trade to Madras, if you do not attack "us in our trade to Karachi."

19751. There is a clear understanding, though it may not be in writing?—Yes.

19752. That each of the members shall keep to a particular line of trade?—He respects his neighbour's trade.

19753. So that within the area of the Conference there are marked out, roughly speaking, provinces or spheres of influence for each of the Lines?—Yes. I have it all down here in the fourth paragraph of my *précis*.

19754. We have had sent to us copies of the circulars issued from time to time to the various members of the Conference, but the names of the various companies are not inserted; would you mind giving a copy in which these names would be inserted?—I think we did that because we did not want the public to know.

19755. You would not mind giving that confidentially?—No, I have no objection to that; of course, the Chairman will protect us. We have no objection whatever to tell you anything you want to know, and I will give you that information with pleasure.

19756. In your Conference, is it regarded as disloyal to ship by a sailing vessel?—No.

19757. You do not think it is regarded as disloyal?—No. Certainly, if a man got an order to ship a cargo by a sailing ship, the question would not be raised at all. It only applies to steamers. As a matter of fact, there are no sailing ships going out to Calcutta now, taking general cargo, and there is none going to Bombay.

19758. So that is a matter of the past?—Yes.

19759. What is the exact position of those exporters of tea who have, in fact, not signed the agreement; are they subject to the rebate?—I think about one-third of them have not signed.

19760. I think we were told it was somewhere about 25 per cent.?—Something like that have not signed.

19761. What is their position?—I think the rebates are held back for some little time; instead of being paid over the counter, I think they were held back for four months.

19762. You do not know what the amount is?—It is 5*s.* per ton.

19763. I may tell you, that one witness suggested that there was a rebate, and he suggested a holding back for something like four months?—That is so, if they adhere to the Conference for four months they get the rebate. The other people who have signed the agreement get the rebate at once, in fact, they never pay it.

19764. So that in regard to tea you have two systems—you have the system of agreement, and you have the deferred rebate system?—Yes.

19765. You were asked by the Chairman whether or not it would be possible to get by some other system than the rebate system the advantages which it offers to shipowners; the difficulty, as I understand, which presents itself to your mind, is mainly in regard to the small shipments?—Yes—the enormous number of shippers and the smallness of their consignments.

19766. That difficulty would particularly apply to the outward trade, I suppose?—Yes.

19767. Which is, as you pointed out, very largely a retail trade?—Yes.

19768. I do not want to press for an answer which you may be reluctant to give, but do you not think it would be possible, by some notice issued by the shipowners, which would be taken to be incorporated in the bill of lading, to bind, to some extent, all shippers? Do you see great practical difficulties in the way of that?—The difficulty is to know what hold you have got over them if they do not adhere to their agreement. I suppose you would have to sue them.

19769. Do you think you could do that, which I have suggested, in view of the multitude of individual shippers?—It would be very troublesome, I think. However, I have promised the Chairman to think over this question.

19770. In considering it, would you take into account the suggestion which I make—though it may turn out not to be practicable?—Certainly.

19771. You admit that at the present time there is a considerable difference between the Bombay rates and the Calcutta rates for piece goods?—Yes.

19772. You pointed out that there were some circumstances, first, the difference in the distance, and secondly, the port charges, which would partly account for that; do they entirely account for the difference?—No. I also, I think, said to the Chairman, that the Bombay Piece Goods Association, having combined together, were able to get better terms out of the shipowner for piece goods.

19773. That is what I am coming to. In other words, may not one expect that wherever there is a combination on the part of shippers, rates will be lower than they now are?—No doubt it would have the effect to some extent of coercing the shipowner. But, after all, I think it gets boiled down to what pays and what does not. You cannot force a shipowner to send his ship out to Calcutta and back if he has a loss of £3,000 or £4,000 staring him in the face.

19774. No; but I am pointing out to you the fact that while the Bombay Piece Goods Association cannot force you to send your ship to Bombay, you accept 18*s.* 6½*d.* in the one case, and, I think, 30*s.* in the other, and I am putting it to you that the difference is, in the main, ascribable to the existence of an organised body at Bombay?—It is, undoubtedly, in part.

19775. And you have given some other reasons. May I take it that, in your view, if there were similar organisations in almost all the leading trades with which you have to do, there would be a sensible reduction in your rates?—I am not prepared to say that, and I scarcely think it. If the Commission only saw some of the voyage accounts of the steamers running out from this country to Calcutta and back, I think they would be astounded. The returns in a great many cases are not sufficient to cover the expenses.

19776. It is just possible also that they might perhaps be astounded in another sense, if they saw certain other voyage accounts?—I should have no objection whatever to submit to the Commission confidentially a series of our voyage accounts from London to Calcutta and back for the last five years. They have not been cooked for your information; there they are away in the archives of the office, and if you like I will send them up to you, and you can look at the credit balances.

19777. At all events, I understand you to say that there is no remarkable difference between the rate of profit obtained upon the Calcutta trade and the rate of profit obtained upon the Bombay trade?—No, there is none whatever. As I said to the Chairman, if the Bombay Importers' Association have been able to squeeze the owners of steamers running from the west coast to Bombay—it does not apply to London at all—down to 18*s.* 6½*d.*, which is the rate for piece goods from Manchester, that only means that to compensate for that lower rate on piece goods the Liverpool shipowners have had to get a higher level of rates on other goods, and somebody else has got to pay for it.

19778. Somebody else has to pay; and, according to your view, the net effect has simply been that you transfer the burden to some other body?—On to some other back; that is all.

19779. There is, I gather from the terms of the agreement, considerable latitude in regard to the local rebates which may be allowed; they vary considerably?—Yes.

19780. In some cases they appear to be very considerable. We were told by one witness that they amounted in some cases to 20 per cent.; is that so?—I think they have done so; and they have even been higher than that. In the fight with the Hansa Company they were considerably higher—I think they were up to 30 per cent.

19781. This witness, if I understood his evidence aright, stated that in the Calcutta trade they had been taking 20 per cent.?—I think that was during the fight, not subsequent to the fight; I think they are down now to 10 per cent.

19782. What has the normal rate been?—About 10 per cent.; but the agreement was made a long time ago, and I was not here when it was made. I take it that the difference that is allowed between Glasgow, Liverpool, and London is owing to the fact that occasionally some outside steamer may go on the berth at Glasgow and not appear in London or Liverpool, and, therefore, the Glasgow shipowner must protect himself by giving an increased rebate.

19783. One statement which has been made, is to the effect that the rates charged by your Company, and others also, I presume, to the Mediterranean ports are considerably lower in proportion to the rates charged to London?—Coming home?

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19784. Yes; is that correct?—It is entirely a matter of the market.

19785. Whether it is a matter of the market or not, is it correct that they are lower?—Assuming the rate to London was 20*s.* for jute, and you have a parcel of jute offered for Genoa at 17*s.* 6*d.* or at 15*s.*, it would pay you to take that, and fill up in Genoa for London. There is constantly cargo offering in Genoa and Marseilles.

19786. The point of your observation is to the effect that the rates to the Continental ports are either normally, or for a considerable time have been, lower than the rates to London?—Are you speaking of Mediterranean ports?

19787. Yes?—It might be the case that, owing to your being able to fill up again in Genoa or Marseilles, you are, naturally, able to accept a lower rate in order to make space in Genoa or Marseilles. You get a double freight in that way; you will get 10*s.* per ton home from Genoa plus the 17*s.* 6*d.* from Calcutta to Genoa, which will be a rate of 27*s.* 6*d.*

19788. May I take it that the difference, however accounted for, has in fact existed for some time?—There is no rule whatever about it. If there is a strong demand for goods to be taken to Genoa, you will get as good a rate for it as you will for London.

19789. Are you prepared to admit that there is normally any difference ruling between the freights to the Mediterranean ports and the freights to London?—I should not say that there was. Of course, the shipowner will take whatever freight will give him the best return. If he can get 10*s.* per ton home from Genoa, and 17*s.* 6*d.* from Calcutta to Genoa, he will naturally take the 17*s.* 6*d.* from Calcutta to Genoa in preference to 20*s.* from Calcutta to London.

19790. You have answered my question as to whether there is any preference?—There is no preference whatever to take lower rates to Genoa.

19791. You have made some interesting observations as to the effect of declaring the system of deferred rebates illegal in this country, while it was legal in Germany. You think that the result of that difference would be, in the first place, to disorganise British shipping?—Yes.

19792. What would be the effect upon the British importer, assuming that there was that serious inconvenience to shipowners?—I think he would not know where he was in regard to his rates of freight. He would probably be paying 25*s.* per ton one week and 10*s.* the next.

19793. Is not the probability that, taking one week with another, he would be paying a lower rate?—I should doubt it very much. I do not think he would be paying any lower rate of freight. You see, you must boil it all down to what will pay a ship to go out and come home. The freight that the shipowner is going to earn he must get somewhere, otherwise his ship will not go.

19794. I am not suggesting that the rates would or might fall to such an extent that the shipowner can get no profit at all?—The margin between what his freight is and what his disbursements are, is so small that I do not honestly think that the shipper would be paying a lower rate in the long run. I do not believe for one moment that the aggregate amount of freight paid by the exporters over five years from Great Britain to India would be less than it is under the rebate system.

19795. As you explained to the Chairman, one of the chief objects of the Conference system and of the rebate system, is to maintain the rate at a fairly paying remunerative rate?—To endeavour as far as possible to prevent these established Lines, these wealthy corporations, from cutting each other's throats, and to maintain a level of freights that will in ordinary circumstances be fairly remunerative.

19796. Would it not seem to follow that if this security for fairly remunerative rates were withdrawn, the rates would fall?—I think ships would cease to run.

19797. Might there not come a point short of that, at which ships would continue to run but the freight would be somewhat smaller?—No. That would be the case if the ships that were running out to the East were making enormous profits. But there is not the margin.

19798. You do not think there is a middle line?—No, I do not think so, really. I think if you see the voyage accounts (and I will ask you to look at them), you will be convinced that they are not making that money that these shippers think they are doing. I have no doubt that Sir John Ellerman of the Hall Line will be quite willing to allow you to see what his ships have been doing too.

19799. The question I am putting to you is not at all based upon any assumption of inordinate profit; I am assuming that the ordinary rate of profit is a fair and reasonable one, and I am putting to you the possibility of that falling somewhat by the withdrawal of the rebate system?—Undoubtedly at the outset it would lead to a fight between the established Lines, and you would have a fall in the rates of freight; but that could not possibly go on, because the ships could not afford to run.

19800. Do you think that after a time, if there was any fall, some agreement would be come to?—If that were not allowed, I think you would have disorganisation.

19801. There is one more question I would like you to throw light upon. Do you think, from your long experience of the Conference system and the rebate system, that it has any tendency to lead to an inflation of tonnage in any particular trade?—It certainly has not in the Eastern trade.

19802. Is there not a temptation to an outsider to say to himself, "These members of the Conference have "a certain security to obtain the trade at a reasonably "remunerative rate; let us try and get the same "advantages." Is there not, therefore, a constant pressure to get into the Conference?—There is now and again; there is always somebody coming along who wants to get in.

19803. You have been forced, again and again, as I understand, to receive new members?—Yes, we have.

19804. And that tendency has been going on for some years?—Yes.

19805. Does that not seem to show that there is a tendency in the Conference system to lead to an undue increase of tonnage?—Fortunately, the trade has gone on increasing sufficiently to meet that.

19806. No doubt that is a very important qualification, but I will take the case of stationary trade; in the absence of such an increase, would there not be a tendency in the Conference system to have the effect which I have indicated?—There might be; only I think what we would do, if we found there was not enough cargo to fill up our ships, would be that sometimes a sailing would be dropped. It sometimes happens that when the monsoon comes on, about the months of June and July, the P. & O. and ourselves find that we can do that.

19807. Is there not sometimes a difficulty in the working of a Conference, in determining which of the members of the Conference is to drop sailings?—No; I think, as a rule, we are rather glad to do it, because we know that at the end of the voyage there is a heavy loss.

19808. I put it again, as I am anxious to get your deliberate opinion upon the point: Do you think there is no tendency in a stationary trade on the part of the Conference system to bring about some inflation of tonnage?—I can only say that I have not seen it; but I quite admit that, logically, there might be that tendency.

(*Chairman.*) Is that a Conference system with or without deferred rebates?

19809. (*Sir John Macdonell.*) With or without deferred rebates?—I quite see your point. I certainly have not noticed it.

19810. (*Mr. Barry.*) You have handed in a statement showing the service to India, and a very wonderful service it is, averaging a steamer every day in the week; I would like to ask you, would not the regularity and efficiency of that wonderful service give the liners a sufficient security, without the help of the deferred rebate system?—I am a little doubtful. The shippers would be tempted, if an outside steamer came

on the berth, by a reduction of 2*s.* or 3*s.* per ton in their rate, and if we had no hold over them we should see the outside steamer probably filled up at something less than we were charging. I think it would be very difficult, therefore, to hold the shippers without the deferred rebate system.

19811. Do you think, in the face of such a splendid service as that, the opposition would be likely to be serious to any great extent?—Of course, it would mean our having to reduce our rates all round, and not only for one ship. Assuming there were 15 or 20 ships coming on in the course of the year, those 15 or 20 would mean a reduction of rates on the part of all the ships—you cannot help it.

19812. Although the instances might not be numerous, they would lead to a general disturbance?—They would lead to a general disturbance of the trade.

19813. I think, in reply to the Chairman, you said you were not quite prepared to-day to make any suggestions as to a modification of the deferred rebate system, but you were good enough to say that you would give the matter your further consideration?—Yes.

19814. I am sure the Commission will take great interest in your views upon the subject, but I should like to ask you one question with regard to it, which you might be good enough to keep in mind when you are considering the question. One of the special grievances raised by shippers is, that rates are increased suddenly and without notice, and that that is done in cases where a certain amount of deferred rebate has accrued, so that unless they accept the increased rate of freight they forfeit the rebate. Now the question I would like to ask you is this: Would you object to a modification of the rebate system in such cases, and permit the shipper to ship by an outside steamer without forfeiting his rebate, that is, in cases where the rate of freight is increased without notice?—I have never known of a case where the rate of freight has been increased without notice to the shipper. If a shipper wants to secure his freight for, say, six months ahead, he can do so by saying, "I have "made a sale of so much a month for the next six "months"—say, 50, 100, or 150 tons per month for the next six months; that is booked, and there is no increase of rate on him. In another three months' time he may say, "I have made another arrangement," and that is booked, and if the rate of freight is put up in the interval, it does not apply to him. Any man wanting to make a contract at any time can always do so.

19815. But in the case where no contract exists—and I suppose there are many cases where no contract exists—what would you say?—It is perfectly reasonable then. There is no contract on his part, and there is no contract on ours. If he has not contracted to ship, there is no reason why he should be allowed to ship at a particular rate. Although the freight is 20*s.* this week, there may be an immediate rise in freight all over the world, and there is no reason why he should be allowed to ship at 20*s.* a fortnight hence if freights have gone up, unless he has made his engagement and come under a contract to ship, and we have come under a contract to carry.

19816. Assume that a shipper has been shipping at 20*s.* per ton and on that basis is entitled to a certain amount of deferred rebate, and then without notice the freights are raised to 30*s.* per ton?—If he wanted to make his engagement he could have done so at 20*s.*, and then we should have been obliged to carry his goods and he would have been obliged to ship them. But if he makes no engagement, he cannot expect to get carried on at the old rate of freight if freights rise.

19817. So, in your opinion, he is afforded sufficient protection?—Absolutely.

19818. By the fact that he is at liberty to make a contract?—Yes, at any time he likes.

19819. At a fixed rate?—At the current rate, or, if he wanted to book a considerable quantity, he might be asked to pay half-a-crown per ton more. But I do not see how he can expect to get the goods carried at an obsolete rate of freight, if he has made no engagement to ship them.

19820. I think I quite understand that; but, at the same time, might there not exist a grievance—at least, we have had it stated here in evidence that such a grievance has existed—on the ground that the rates have been arbitrarily advanced, and unless the shipper was prepared to accept that advance, he forfeited any rebate which up to that time had accrued?—Yes; but, then, there is nothing to prevent any shipper, as far as I can see, from making his engagement and protecting himself for six months ahead with the Conference. He can go to any of the Lines and say, "I "intend to ship during the next six months so many "tons of cargo; will you please book them for me"; then they are booked at the current rate of freight, and the Conference are obliged to carry them.

19821. The Conference is quite at liberty to refuse, and to say "We will not make contracts ahead," is it not?—No. I think if the Conference did that, and refused to take the man's cargo at an agreed rate of freight, the man would have a perfect and legal right to his rebate, and if it were my case, I should certainly pay it without the slightest hesitation.

19822. May I take it that the practice is that when a contract is asked for three months or six months ahead——?—He can always get it.

19823. The practice is. that it is granted?—That is so.

19824. Speaking of the cargoes from Calcutta, such cargoes as jute, linseed, and rice are generally dispatched in full shiploads, are they not?—In full cargoes by the outside steamers, and in large lots by the liners.

19825. The rebate system does not apply there at all, does it?—It does not apply at all. There is no rebate system homewards, except in the case of tea—none whatever.

19826. Take the rate on jute, say, to Dundee; is there any reason to believe that under the old competitive system the rates were not remunerative?—Sometimes, as you know, they are remunerative, and sometimes they are not.

19827. They vary?—Yes.

19828. They fluctuate a good deal?—Yes. It all depends upon the market.

19829. I suppose, generally speaking, you have no complaint to make about the rates from Calcutta to Dundee on jute and linseed?—They are governed entirely by the market—by supply and demand. If tonnage is scarce in Calcutta and jute is plentiful, you will see the rates jump from 17*s.* 6*d.*, probably, to 30*s.* per ton before other vessels can be poured in from Singapore or the Cape or Australia, and, probably, round from Aden and Bombay; you will see a rise of 12*s.* 6*d.*, as you, Mr. Barry, have no doubt often seen, in a fortnight. It all depends upon the supply and the demand—the supply of tonnage and the demand for space.

19830. (*Sir Alfred Bateman.*) Mr. Barry asked you about the raising of the rates; is it more difficult to raise than to lower rates? Where you have a Conference, have you all to agree to raise rates or have the majority the power to raise them?—If there is an idea of raising the freights, the different members of the Conference meet together and they come to an agreement.

19831. Would a bare majority be sufficient?—I think so; they yield to the majority.

19832. Do they yield to the majority both for raising and for lowering; is there no difference, in fact?—They yield to the majority both for raising and for lowering.

19833. (*Mr. Owen Philipps.*) What is your view as to the publication of classifications?—We have a schedule in the Eastern trade, but we have not got that more or less scientific classification that they have in the Cape trade.

19834. I am referring to your tariff; what is your view as to the publication of it? Have you any objection to the tariff being published in the same way that it is published by the German Lines?—No, I do not think so.

19835. You would not object to that?—It is really public property now. How do the German Lines publish their tariffs? I do not know.

19836. Is it not the case that in Germany anybody can get a copy of the tariff by simply asking for it, in the same way that you can get a copy of a railway tariff by asking for it. Would you have any objection to the same system being applied in England?—No;

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I do not think I should have any objection whatever. I should like to say, in further reply to what Mr. Barry was putting, that we have a regulation that engagements may be made at printed rates for not exceeding six calendar months ahead, so that pretty well safeguards anybody.

19837. (*Professor Gonner.*) I understand you think that in shipping some form of combined organisation, of combination, is essential?—In a trade such as that which exists from England to the East, it is certainly necessary.

19838. Do you think it is generally essential in shipping trades?—No, I do not think it is, where the cargo goes in large lines, and where such firms as Ralli Brothers take up a ship and load her with a full cargo of lawful merchandise. They sell, probably, 3,000 tons of jute, 2,000 tons of linseed, 1,000 tons of rape seed, and 500 tons of hides; they fill the ship, and they have sold the cargo in the lump. But where you are dealing with small shipments and with an infinity of articles, it is absolutely essential, I think, for the proper carrying on of the trade in a regular system, that you should have some combination among the Lines that are serving the trade.

19839. The object of your combination being, I suppose, to secure an evenness of rate, to prevent violent fluctuations, and to give a regular service?—That is the idea. The original idea of the combination—and no doubt that is the backbone of it at the present moment—was to benefit ourselves; that is to say, there are wealthy corporations, with a large amount of money invested in ships, who are running these steamers out to India and catering for the public support, and unless these corporations have an understanding with each other, they are bound to cut each other's throats—there is no doubt about that—and, therefore, it is essential. I take it that it is very much in the same way with regard to railways. Take the North-Western Railway and the Great Northern and the Great Central, the North British and the Caledonian; where they are competing with each other, they must have agreed rates of freights.

19840. On the whole, of course, one quite admits that that obviously would be the original motive; but looking at it from a wider point of view, do you think that the existence of such a combination, or such a form of monopoly or quasi-monopoly, is to the public advantage as well?—I think it is, certainly.

19841. Could you suggest the ways in which it serves the public advantage?—You get regularity of service; you get rates of freight which are not subject to fluctuations; you know with whom you are dealing; you can count upon your goods arriving at their destination within a week, in and out; and you know that the ship that you are shipping by will sail on a fixed date. It is entirely different from what was the case when I was a boy in London, when a sailing ship was chartered by a firm of brokers, and she went on the berth and lay there for probably six weeks till she was full.

19842. And then she went away?—Then she went away; but nobody knew when the ship was going to sail or when she would arrive. There is no doubt in my mind whatever that the trade of India has enormously benefited by the regularity of sailing which has been given by these Conference Lines.

19843. Your contention is that, instead of occasional shipping, which might or might not be sufficient in tonnage, you have a regular service of shipping?—Precisely.

19844. There is one point that I think you might consider, perhaps: Do you think that that has been really attended by greater economy in the public interests? I am putting this question, but I am not sure whether you may be willing to consider it: In some cases monopoly does tend to economy; for instance, it is always held that a monopoly of railway service tends to economy; do you think that that would be so in shipping?—Yes; I should say that it has led to the avoidance of waste undoubtedly, and, in my opinion, it has led to an enormous increase in the consumption in India. If you keep on supplying goods to a country or to your customers with regularity, you increase the consumption; if you supply these goods fitfully, and you do not supply the demand when the vacuum is there, then you never get it again in the same degree. Whereas, if you have a regular service of ships going out and constantly taking out full cargoes, in my opinion you are increasing the demand in India and increasing the consumption in the country. For instance, I believe it is an axiom in railway administration that if you have a breakdown on a line, and there is no other means of feeding a district, and you are closed up for a week—as we often have been in India, when the lines have been broken by floods—you never overtake the week's loss of traffic. There is a gap there which is never filled. The people either do not eat the stuff, or they do not use the stuff; anyhow, they do without it, and you never make it up again. I believe that the regular supply of goods to India by these 365 sailings a year, does a great deal for British trade and does a great deal to develop the trade of India.

19845. With regard to avoidance of waste, which you think is implied in the system, is that implied by the existence of what one might call organisation as to sailings and the allocation of sailings in Conferences? I will put it in another form: Some Conferences have agreements which mean little other than a maintained rate of freight, but other Conferences have agreements which restrict and organise sailings and apportion the services in particular ways. I want to ask you which of those methods, in your opinion, is the most likely to effect economy and to avoid waste?—Undoubtedly, the organised sailings.

19846. You have been in several Conferences, I assume?—Yes.

19847. Some, I suppose, without an organisation or with comparatively little, and some with more?—I think in all the Conferences I have ever been connected with, we have always had organised sailings. We have distributed the sailings, and we have arranged when there was an excess of demand for tonnage beyond what the organised sailings would give, that we should supplement these by additional ships.

19848. What do you do when the quantity of tonnage in existence in your Conference is too great for the Conference?—Then we have got to sail without being full, or it may be, as I said in the forenoon, we occasionally drop a sailing; but we are bound to sail according to our dates, and we have got to go whether we are full or not full.

19849. Do you take off tonnage; do you lay up ships at all?—We, perhaps, drop a ship; perhaps we take advantage of the time to overhaul her or something of that sort.

19850. Does the British India, if it takes ships off from its regular Conference Lines, employ them elsewhere at all?—They do not in the case of the regular steamers in the home Line.

19851. They would not?—No, they would not.

19852. Practically, then, if your steamers are not employed in this Line they would not be employed at all?—Perhaps, I am not quite accurate there. Occasionally, for instance, if there was a shortage in the demand for Karachi and Bombay, and the P. & O. and ourselves saw that we had more tonnage than we could fill, we might take one of the steamers off and send it to Australia. That we have done occasionally. In other cases we have simply let a sailing drop and sent a steamer short; but we never do that if there is sufficient cargo to fill the ships.

19853. I suppose some of the other Conference Lines employ their ships in other outside trades, do they not?—I think they do occasionally.

19854. I think the P. & O. and yourselves do that less than the others?—Probably. I think Harrisons send theirs across to America sometimes.

19855. Of course, they are in several trades?—Yes.

19856. Your view is, I gather, that the rebate system is the most effective way and the most practical way of maintaining a combination such as that of which you have been speaking?—Yes, that is so. We have not been able to discover anything better.

19857. Do you know the Persian Gulf trade at all?—Yes, I do a little.

19858. That is under contract, is it not?—That I do not know. We are rather out of that. We only take cargo to the Gulf which is transhipped in Bombay.

19859. So you are not in that?—No. Stricks and Bucknalls are the people there, and I do not know what the system is.

19860. That we have had evidence about. The tea trade home is under contract; do you think that the system of contract could be developed to supply the place of the rebate system?—I should doubt it, really. I should think it would be much more troublesome. If a man broke his contract and shipped by an outside vessel, I suppose you would have to sue him; whereas now you do not put him into Court, you simply withhold the discount that he would get otherwise.

19861. And he cannot sue you?—He cannot sue you, so you have got much less trouble. He breaks the contracts by shipping by an outside vessel, and he does not get his rebates.

19862. (*Sir Alfred Bateman.*) Is that not rather one-sided? It is less trouble for you, but is it as good for the shipper?—Perhaps it is a little one-sided; but from our point of view it is the simplest way.

19863. (*Mr. Owen Philipps.*) Is it not the case that the great majority of merchants vastly prefer the rebate system to the contract system?—Yes, I think they probably do. Of course, I cannot speak for the whole of the merchants, but as far as we are concerned in the Eastern trade, I have never heard any complaints about the rebate system, and I have never heard any complaints about our squeezing shippers in any way. There are so many of us, and we are all so anxious to conciliate shippers, that I think they find themselves very well treated.

19864. (*Professor Gonner.*) As far as I could gather, when the rebate system was introduced into the Calcutta trade—and it was introduced first of all in 1877, I think?—Yes.

19865. It was not deferred in the same way as it is deferred at present?—No.

19866. But it was deferred in the sense of not being paid until at the end of a certain period of time?—Yes, I think it was.

19867. Would that system be sufficient, do you think, for your purposes? When you were asked the question before, you asked if by the abolition of deferment it was meant that it should become a mere cash discount?—Yes, I did.

19868. Of course, this system was not a cash discount, but it was not deferred for any further period. Perhaps you would think that over, too?—I will think over that. I do not know, and I cannot say from my own personal knowledge whether and if so why it was altered.

19869. Do you know when it was altered in the Calcutta trade?—No, but I can find out. If Mr. Webster will kindly give me a memorandum about that, I will find it out for him. If altered it was probably altered, because it was found not to be sufficiently protective.

19870. It is quite clear that the present method gives a greater hold, and I think everyone will agree with regard to that; the only question is, whether it gives an undue advantage to one side. There have been some specific complaints alleged against the Conference system in the case of India; for instance, we had a report from Chittagong in which there was a complaint made that the adoption of the Conference system and of the rebate system led to the abandonment of the smaller ports of India—which, practically, is a complaint against the system that it has conduced to regular lines and great routes of traffic. Do you know about that at all?—I think I saw that complaint made by people in Chittagong, but I think it is only a matter of a little jealousy between the two ports of Calcutta and Chittagong. Calcutta had the trade and Chittagong was trying to get it, and, naturally, Chittagong was——

19871. Was complaining. Then, of course, there is that complaint, which was put to you before by Sir John Macdonell, with regard to your giving a lower rate to Mediterranean ports than to United Kingdom ports; it was alleged here that it was done in order to meet the competition of the Hansa Co.?—No, I do not think so. Practically, in the homeward trade there is so much demand for tonnage that nobody tries to keep it all to himself. The demand is far in excess of what the liners can supply.

19872. You do not think there was any ground for the complaint that the competition of the Hansa Co. led to the lowering of the rates to the Mediterranean? Would it lead to a lowering of the rates to the Mediterranean?—It may have done so at the time; I do not know. We were trying to hit them a little; but I think we left them alone, practically, in the homeward trade, and that although we were fighting them on the outward trade, we were on perfectly friendly terms with them on the homeward trade. I know, as far as we are concerned, the British India had agreements with the Hansa Co. for transhipping cargo in Bombay and Karachi, and these agreements were adhered to all through the fight.

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19873. The main fight with the Hansa Company was only in the outward freights, then?—Only in the outward freights. Nobody could possibly hope to carry the whole of the homeward cargo.

19874. With regard to the homeward trade from Madras, why is there a rebate in the Mediterranean homeward trade?—That is for fine cargo, I think.

19875. For certain kinds of fine cargo?—Yes.

19876. There are a good many kinds?—Yes; I think it applies to skins and cotton. That is rather a small trade. There are very few ships go to Madras to load full cargoes; Madras is dependent upon ships calling in.

19877. It is not a terminal port, is it?—It is not.

19878. And you think that makes the difference?—Yes, that makes the difference.

19879. There is not any homeward rebate, is there, in the Calcutta, Bombay or Karachi trade, with the exception of tea?—No, there is not, with the exception of tea.

19880. Indeed, at Karachi there is none whatever, is there?—There is none whatever, nor is there from Burma.

19881. But in the Madras trade there is, and that you account for by saying it is because it is not a terminal port?—Madras is not a terminal port, and they are dependent upon steamers calling in there to carry off these small quantities of fine goods.

19882. As to your coasting shipping, there you have rebate systems and Conferences, have you not?—Yes, we have.

19883. You said at an earlier point this morning that you frequently had to give protection to merchants, and that you had had to give protection to merchants because their competitors had got lower rates at times?—Yes.

19884. Is that worked out at all? Have you any defined system, or do you take each case as it arises?—We deal with each case as it arises.

19885. Do you not think it would be advantageous to have some more defined system? I see in one Conference agreement, with a contract system, that it really was worked out; but you do not think it is necessary?—I do not think it is necessary. We always protect our shippers.

19886. You always do?—Yes.

19887. And you have had no complaints on that particular score?—No. You see there is a good deal of internal competition in the Conference; that has to be remembered.

19888. You mean, that internal competition might tell on a point like this?—Yes.

19889. Because a Line which protected its shippers would be more successful in getting custom than a Line which did not?—Yes.

19890. I wanted to ask you one question with regard to that internal competition. It has been frequently alleged to us, and very strongly alleged in the case of South Africa, that although there was no competition outside, we must always remember there was competition inside the Conference. Of course, competition inside the Conference does not affect freights at all?—No; it is more as to conveniences.

19891. You might, consequently, might you not, have a competition going on at a very high rate of freight, an unduly high rate of freight?—Yes, you might.

19892. That would not bring down the freight so

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as to make the rate reasonable or fair, or whatever you might call it?—No, because you had agreed the rate amongst yourselves.

19893. You had agreed the rate, and you might agree too high a rate?—Undoubtedly.

19894. And yet you might have a great deal of internal competition?—Yes.

19895. Under such circumstances, is it not possible that none of the Lines might be remunerative, and that all might be unremunerative?—And still with high rates of freight?

19896. Yes?—Undoubtedly.

19897. The mere fact that the profits of shipping companies are not large, does not in itself therefore prove that the rates of freight are low?—No. It might be accounted for by the trade being dull.

19898. The point that I was coming to was one that was raised by Sir John Macdonell: Is it not conceivable that the result of the Conference system leads to local inflation of tonnage in particular routes, and that you get a good deal, if not too much, tonnage tied to a particular route?—And not paying?

19899. And not paying?—Would that not cure itself? If there was too much tonnage going out and it was unremunerative, after a little time the shipowners could not face the loss, and they would reduce the tonnage.

19900. In the long run, I suppose, it would cure itself; but might it not be very disadvantageous to the trade for a time, because the continual effort would be to raise freights still higher in order to meet the comparative loss on the tonnage?—I do not think in practical working that really comes out. What happens in our own trade is, that when we find our ships are not being filled up and there is not a very fair demand, we meet together, and we say, "We must "encourage the trade and try and fill our ships." We would rather have our ships practically full and earning the same freight than going away with space; we would rather have our ships full, because the reverse is waste and bad economically. Of course, if there is more cargo offering and trade is extremely brisk, naturally there is an inclination to raise the rates; but if, week after week, instead of getting your 8,000 tons on board your ship, you are going away with 5,000 tons, your brokers come to you, put pressure upon you, and say, "Now if you want to encourage business, "bring down your rate by 5*s.* per ton; at that rate "we may be able to put through a lot of rails or "galvanised iron, or anything." It is everybody's interest, including the shipowner's, to fill the ship.

19901. The question has been put to you as to what would happen if there was no rebate system in England and there still continued a rebate system in Germany?—I think Mr. Owen Philipps brought that out very clearly just now.

19902. Is it likely that Germany could tie its shippers and retain a rebate system if England, taking most of the trades, abandoned the rebate system?—I think so.

19903. You do think so?—Undoubtedly.

19904. Do you think one or two companies going to Australia could raise a rebate system, leaving all the other companies outside?—No; they would require to have a hold on the trade.

19905. If you take the trade between Europe and, we will say, India, and assume that the largest number of ships going from this side are not under the rebate system, how would the others remain under the rebate system?—As far as German ports and Belgian ports are concerned they could.

19906. That is assuming that they could prohibit the callings of English liners at their ports; but supposing they could not, what then?—They could do that, as Mr. Owen Philipps pointed out, under their rebate system; they would tie up all their shippers.

19907. But supposing the English ships called, and called in considerable numbers, at their ports?—Then they would fight them—of course, provided the rebate which the shippers had to sacrifice was less than what they were to gain by the reduction in the rate; then, of course, the rebate system would come down.

19908. The point I am putting to you is this: To have a satisfactory rebate system you must really get into the Conference all or nearly all the Lines regularly working the trade?—Practically, you must, undoubtedly.

19909. And unless you have a fair majority or a good majority of those Lines, your rebate system is not likely to be effective?—No. You want, practically, the whole of them in.

(*Professor Gonner.*) I am glad to find my own view confirmed by you, that the occasion would not be likely to arise.

19910. (*Sir Alfred Bateman.*) I understood you to say this morning to the Chairman, that the outward trade freights must pay for the homeward losses; in other words, if there was a loss on the homeward trade, the freights outward must rise, or must be high?—I do not know whether I made myself quite clear when I spoke to that point.

19911. I could not quite understand that?—What I meant to say was, that when you despatch the ship from this country, you estimate you are going to earn, say, £7,000 out and £8,000 home. If the homeward freight will give you £8,000 and you can get £7,000 outward freight, you get £15,000, which will cover you. But if the homeward freights are on such a low level that you can only get, instead of £8,000 home, £6,000 home, you naturally have got to look for a higher outward freight; so that when homeward freights are low, outward freights are higher. For instance, if homeward freights were something like 35*s.* or 40*s.* per ton, you would take coal, going out to Bombay, for 5*s.*, because you would be able to make your expenses, practically, on your homeward voyage.

19912. That is, taking the shipping as a whole; but your competitors may not be coming home—they may be going on to Australia?—They never go on to Australia from India.

19913. Surely, they may go some other voyage; they are not bound to come straight home?—They are bound to.

19914. Why?—It is the best loading port there is.

19915. You mean you are all in the same boat?—We are all in the same boat, and everything is equalised. If freights are high from China or Colombo or Batavia, you get a higher range of freights in India; or if freights are very low in India, that will knock down the freights in the other loading ports.

19916. What of the boats that go from India to Australia, which is rather an increasing trade?—They load back from Australia to India.

19917. How do they get from India to Australia?—They load in India for Australia and go back from Australia to India.

19918. It is a special trade, is it?—Yes.

19919. Would not the tramp do anything in that trade?—No.

19920. And could not it?—No.

19921. It seems to me that it is rather unfair to the shipper that he should have to depend on a trade in which he is not interested?—You cannot help it.

19922. Then there is another statement I understand you to make about a case in which you might charge a lower rate to Genoa, say, or to some other port in the Mediterranean, than to this country?—Yes, you might do that.

19923. There, again, is that not rather a hardship to British trade?—Why?

19924. They are bound by the rebate system?—The homeward trades? No.

19925. Only on certain things?—On nothing. There is no tea that goes to Genoa.

19926. In one or two of the Conferences there are homeward rebates, are there not?—No; nothing whatever of the kind.

19927. Not from Madras?—There is a mere trifle from Madras, which does not amount to anything.

19928. I am speaking generally?—I was speaking of Calcutta. I do not think anything goes from Madras.

19929. You were not talking of the rebate system?—No. I think probably the rebate system also applies to Genoa from Madras, if any goes there to Genoa but I do not think any goes; it all goes home.

19930. So when you charge a lower rate to the Mediterranean than to this country, it is always in the power of the shipper from India to employ an outside steamer?—Yes, entirely and absolutely. You see, a shipowner, when he is chartering a ship from India to Europe, does not take into consideration whether it is to be for the benefit of British trade; he looks after his own interests entirely. If he can get a higher rate to Genoa than he can to London, he will take it.

19931. He looks after his own interests, certainly, but of course we around this table have to look after the interests of British trade. As regards the outward trade, do you know, in your Line, what the Germans are charging from Hamburg, Bremen, and so on? Do you know whether they are charging anything less?—I think we have an agreement with them, and I think the rates are practically the same. I think the Hansa Company get better rates from Hamburg than we can from London, on the whole; I think they get higher rates from Hamburg.

19932. They get higher rates?—I think so; you can depend upon it they get as much as they can.

19933. Is there not a lower rate from the inland manufacturing districts of Germany than there is, say, from Manchester to the East?—That I do not know, and I cannot say. It is frequently stated that the German railways give preferential rates on goods that are going for export, in order to try and encourage the export trade, and no doubt to benefit themselves.

19934. (*Professor Gonner.*) Do you know that they do that in the case of India?—I do not know.

19935. (*Sir Alfred Bateman.*) That is what we should like to know?—I cannot say.

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19936. You cannot speak on that subject?—No, I cannot.

19937. (*Sir Hugh Bell.*) Do you know that of your own knowledge, or is it merely one of those rumours that one hears?—I cannot say whether they do it or not. As I said to Sir Alfred Bateman, I have no knowledge on the subject.

19938. It is commonly believed?—It is commonly reported; whether it is true or not I do not know.

19939. You would perhaps not be surprised to hear that we have had that said to us over and over again, and that we have not been able to ascertain whether it is so as a fact?—I am not surprised. I have never been satisfied on the subject myself.

19940. You have not accepted it?—No. I have been told so, but I have my doubts about it.

19941. You mean that you only maintain the position of philosophic doubt, without absolutely disbelieving it?—Precisely; that is it.

19942. (*Sir Alfred Bateman.*) It has been stated that in the case of cotton goods the rates from Germany were lower, but that there were not many German articles in competition with ours in India; is that your experience?—I should say there is very little German cotton goods going to India.

19943. In machinery and in metals there would be a good deal of competition, would there not?—Large quantities of Belgian iron go out.

(*The rest of the witness's evidence was heard in private.*)

THIRTY-THIRD DAY.

Tuesday, May 5th, 1908.

PRESENT:

Sir ALFRED E. BATEMAN, K.C.M.G., *in the Chair.*

Lord INVERCLYDE.
The Hon. C. N. LAWRENCE.
Sir HUGH BELL, Bart.
Sir W. T. LEWIS, Bart. K.C.V.O.
Sir JOHN MACDONELL, C.B.
Captain R. MUIRHEAD COLLINS, C.M.G.
Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. W. H. MITCHELL.
Mr. OWEN PHILLIPS, M.P.
Mr. OSWALD SANDERSON.
Mr. AUSTIN TAYLOR, M.P.

Mr. J. A. WEBSTER, *Secretary.*

Sir ALFRED JONES, K.C.M.G., called and examined in private.

THIRTY-FOURTH DAY.

Tuesday, May 19th, 1908.

PRESENT:

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

The Hon. C. N. LAWRENCE.
Sir HUGH BELL, Bart.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B
Captain R. MUIRHEAD COLLINS, C.M.G.
Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. OWEN PHILIPPS, M.P.
Mr. OSWALD SANDERSON.
Mr. AUSTIN TAYLOR, M.P.

Mr. J. A. WEBSTER, *Secretary.*

Sir THOMAS SUTHERLAND, G.C.M.G., called and examined.

20489. (*Chairman.*) You have prepared a memorandum of the evidence which you propose to give; it is, as one might have expected, extremely clear, and if you will formally hand it in, we will take it as your evidence-in-chief—of course, it will be carefully read by all of us?—Thank you.

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(*The witness handed in the following statement.*)

1. I am Chairman and Managing Director of the P. & O. Company, and I have held that position for many years. I am also a Director and a Vice-President of the Suez Canal Company, to whose business I shall refer.

2. It is now clearly understood that Shipping Conferences are agreements among shipowners engaged in regular trades, which are made for the purpose of meeting the requirements of their customers in an efficient manner and, if possible, with a margin of profit to themselves. It is unnecessary, I believe, for me to explain the conditions in detail of the several Conferences in which my Company are interested, as the facts have generally been made known to this Commission by witnesses who have already been examined. But I annex as a pendant to this minute a résumé, showing the general character of all the Conferences in which the P. & O. Company are interested.

3. It may, perhaps, be superfluous to refer to the P. & O. Company in any special way. But in order to anticipate possible questions, I may say that their fleet of upwards of 400,000 tons of steam shipping is the most costly property of the kind owned in this country. We have been fortunate enough, for some years, to earn a return for our proprietors averaging 9 per cent. on the amount of our paid-up capital, but this percentage has been occasionally lessened, owing to underwriting losses. Our profit is earned, not only

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as shipowners, but also as underwriters, as we take the entire marine risk of our fleet. Our paid-up capital is, however, small, amounting only to £2,320,000, and we employ borrowed capital to the extent of £1,800,000, in debentures issued at the moderate rate of 3½ per cent. The profit on the whole capital employed in our business would work out at less than 7 per cent. taking insurance losses into account, which can hardly be considered otherwise than a moderate return in the light of the uncertainty which attends shipping business generally, and a mail contractor's position more particularly. May I say on this point that we recognise at all times that we are public servants, as mail contractors, and although it may hardly be germane to the enquiry in which this Commission is engaged, it will, perhaps, not be without interest to mention that within the period during which these various Conferences have existed, that is to say within the last 25 or 30 years, the Company's mail services to India, China, and Australia have been vastly accelerated, and increased in importance, while at the present moment they receive from the Exchequer a quarter-of-a-million sterling less in subsidy than they were formerly paid for the comparatively slow and limited service of former years.

4. Evidently, therefore, the public have gained through the operation of these Conferences, so far as the mail service is concerned. For it is quite certain the Company could not have carried out the public work which they have done, and earned the moderate profit which I have mentioned, without co-operation among shipowners engaged in the same trade as themselves. Our goods traffic constitutes the most important part of our revenue, being six times the amount of our subsidy, and this revenue could never have been earned without these Conference Agreements, of which the rebate system is the corner stone.

5. Conferences, pooling arrangements, and rebates were unknown in the Eastern trade until some years after the Suez Canal was opened. The carrying trade was free at all points to whomsoever might choose to put his capital into it, and yet rates of freight were then higher than they have ever been since. This state of affairs was due to the fact that the supply of steam tonnage was then limited. But in a very few years an entire change in the situation was evolved by what was called the compound engine, and the tonnage in the Eastern trade soon outstripped its requirements. The natural result was impoverished rates and a struggle for existence, which led to several Lines withdrawing from the field, although they had entered it under fair enough auspices. It was in the late seventies that the remaining Lines, then engaged in a hand-to-hand competition, began to draw together so as to stave off disaster by coming to arrangements between themselves and with their customers.

6. Such was the genesis of the Eastern Conferences, which have worked fairly well for nearly 30 years, though not altogether without friction or difficulties. Difficulties have occasionally cropped up, both internally and externally, but looked at as purely voluntary arrangements, in which there is some scope for jealousy and misunderstanding between the Lines themselves and between them and their customers, these Conferences have, on the whole, worked well, and, in my firm belief, they have been advantageous to commerce. I am far from saying the Conferences never made mistakes in their early day. The Bombay Conference made a serious miscalculation, as narrated by Mr. Langdon, and the then China Conference induced the formation of the China Mutual Company, not in demanding high rates, but by the unfortunate wording of a circular which wounded the *amour propre* of the China merchant and alarmed him as to the future. But these incidents occurred five-and-twenty years ago. The Committees which now manage the various Eastern Conferences have long since learned the lesson that there is too much tonnage and too much capital floating about the world to allow of any unreasonable attitude or dictation towards their customers. Apart from the incidents referred to, which, considering the lapse of time, seemed hardly worth resuscitating, there has been no complaint as to the Eastern Conferences that I am aware of, and nothing, I suppose, would have been heard of this Commission but for the dissension between the South African Companies and their customers, a subject on which I express no opinion.

7. I think it has been admitted by the most important witnesses who have appeared before the Commission that regular sailings, level rates (which enable merchants to operate a long way ahead), ships of a superior and easily insured class, and equal treatment of all shippers are advantages of the highest importance, and that these advantages are now attained under the Conference system. No doubt merchants would like the Conference better if they could have everything their own way, which is a very natural feeling. This seems to imply, judging from the evidence which I have read, that whenever any casual opposition is brought on the berth, the merchant should be free to patronise it, to the detriment of the shipowner who runs his ships all the year round, and at the same time secure his Conference rebate. Such a situation appears to me ridiculous and impossible. On the other hand, when a serious opposition has to be encountered, as in the struggle the other day for the trade between Antwerp and British Indian ports, the Conference do everything in their power to protect their clients in this country and abroad, by lowering their rates, and also increasing rebates. Hundreds of thousands were lost in the Antwerp fight! It does not follow that merchants are gainers through disturbances of this kind. The result is that shipments are increased enormously, the markets are flooded, and an era of low prices invariably follows. Every one then says "we don't want these low rates, what we "require is fair rates and regularity." Thus the Conference system is justified of its children!

8. The plea sometimes raised that the amount of the rebate is the merchant's money which is kept back from him, is quite untenable. The rebate is simply a deferred discount offered voluntarily by the shipowner to the merchant in consideration of the latter's custom. There may be a difference of opinion as to the limit in point of time during which payment of the rebate should be retarded, and I am not in favour of an unreasonable delay. At the same time the shipowner must have some fair inducement to give a regular service and to continue to improve his tonnage. For otherwise, it seems to me, there is a danger that we may lapse into a different state of things, building large-carrying and slow vessels, keeping them longer on the berth for loading purposes, at whatever rates may be obtained for the time being. A retrogressive policy of this kind would not be advantageous to trade, nor would it strengthen the Empire in time of war, when so much depends on the Mercantile Marine. I believe it is the interest of the country to encourage the construction of a superior class of ships even for cargo purposes.

9. The growth of the Suez Canal traffic bears ample testimony to the progress which has attended the work of the Conference Lines. When I joined the Board of the Canal Company in 1884 (which was shortly after the Eastern Conferences had begun to operate), the tonnage which then passed through the Canal amounted to 5,800,000 tons. Last year this tonnage was 14,728,434 of net tonnage. It is impossible to estimate accurately the value of the increased trade which has taken place during these 24 years, but if we put it at a hundred millions sterling, I think we shall be well within the mark. Now, two-thirds of this large tonnage, and, perhaps, a greater proportion, is owned by British and Foreign Lines which all work under Conference agreements. I ask myself this question: Would this development of Eastern trade have been attained without the regular sailings, the level rates, and the rapid transit of the Conference Lines? I entirely doubt it, and why? Because since the establishment of these Conference agreements there has been a steady improvement in the ships concerned, due to the ambition of owners to outvie each other in the attractiveness of their services. Thirty years ago the ships in the Suez Canal trade may be said generally to have been of the tramp class, save and except the mail steamers, that is to say, they were cargo vessels of small power and low speed. Now the great majority of cargo vessels, working under the Eastern Conferences, are capable of a speed of 12 knots, and some of them of a good deal more. It seems to me, therefore, that the impetus given by the Conference to the construction and employment of these improved fleets, with their regular and rapid services, has been a most important factor in the development of the Far Eastern trade, as illustrated by the very important figures of the tonnage passing through the Suez Canal.

10. Accordingly I deprecate the idea of any legislation which might tend towards a retrogressive policy on the part of our shipping enterprise by the curtailment

of their liberty. If anything of this kind were to be attempted, while foreign companies remained unhampered, the tendency to construct larger and finer vessels would incline undoubtedly towards our Continental rivals. In this connection it must not be overlooked that the Continent of Europe is vaster than Great Britain, and that new foreign Lines are springing up every day to contend against the supremacy which the British shipowner still holds on the sea, and which our ports once held in the markets of the world. It is notorious, so far as the East is concerned, that Continental ports and foreign ships take a more considerable share of trade every year, and that their Governments afford them both direct and indirect encouragement towards this end.

11. Finally, adverting to the evidence laid before the Commission, I venture to observe that when Chambers of Commerce throughout the Empire are invited to express their views on Conference matters (which they probably can only do from a one-sided standpoint), it would be strange if some hostile criticism were not forthcoming. But even the most hostile critic cannot controvert the broad fact that the Conference Lines have been singularly enterprising in catering for the various trades in which they have been engaged, and so far as I see by the evidence, these Lines have been innocent either of unfair rates or of seeking unreasonable profits. I feel confident that the operations of our Eastern Lines have never stood in the way of the expansion of commerce, but, on the contrary, that they have done everything in their power, as it was their interest to do, to foster our trade and to sustain our maritime superiority in the face of foreign competition, which becomes every year more and more formidable.

PARTICULARS OF CONFERENCES IN WHICH THE P. & O COMPANY ARE INTERESTED.

The Indian Conference Outwards.

12. In the first place it affects cotton and woollen goods which are pooled in certain proportions, the Liverpool Lines having a preponderating share of the pool owing to geographical position. Apart from this pool, there is, of course, a general engagement as to rates of freight, and as to non-interference with each others legitimate sphere of operations. The East Coast Lines' sphere is from Newcastle, south to Southampton (inclusive), and that of the West Coast Lines from Southampton, west-about to Newcastle. The London Companies (P. & O. and B. I.) work the East Coast with Wilson's, of Hull, and the Hansa Company, Continental ports, such as Antwerp, are included in the sphere of the East Coast.

The Indian Homeward Conference.

13. This extends only to tea from Calcutta, and tea and general cargo from Ceylon. As to Calcutta, a certain part of the freight is pooled and divided in definite proportions amongst the Conference Lines, the under or overcarriage of each Line being settled at stated periods.

14. A discount of 5*s.* per ton is paid over the counter to all signatories to the new Tea Agreement, but *non-signatories* do not receive this cash discount, but the same amount in the form of rebate. The signatories, however, practically cover the bulk of trade.

15. The new Tea Agreement of 7th September, 1907, which fixes the rate at 27*s.* 6*d.* net, took the place of the Agreement of 22nd April, 1895, under which the tea rate was arranged monthly, and was always 15*s.* above the mean rate on jute, linseed, and wheat. The Conference, moreover, is under obligation not to give a preference to cargo paying a higher rate than tea, *i.e.*, not to shut out tea to secure better paying cargo.

16. All Colombo shipments are pooled and divided in certain proportions, and the rebate system applies. The rate of freight on tea from Ceylon is at present 30*s.*, less rebate.

17. So far as the bulk of the Indian homeward trade is concerned, as it consists to a large extent of heavy and rough cargo, and is greatly in excess of the outward tonnage supplied by the Conference, the latter merely operates in agreeing rates of freight among their own Lines, which are, however, necessarily affected by the chartering of casual tonnage.

The China Outward Conference.

18. It may be said to run exactly on the same lines as the Indian Conference. Lancashire and Yorkshire goods are pooled, and the spheres of London and Liverpool are defined and respected. The rebate system applies throughout.

The China Homeward Conference.

19. This differs from the Indian homeward trade, inasmuch as the China Conference virtually supplies tonnage for the homeward trade as well as the outward. The rebate system applies both ways, and the whole of the homeward trade from Japan, China, and the Straits (with the exception of one or two descriptions of cargo left open for certain reasons) is pooled by the English Lines mentioned in the Rebate Circular, with the addition of the Hamburg-America Company, and the Japanese Nippon Yusen Kaisha. The general aim of these pools is to fix beforehand the approximate extent of the freight which each Line should carry, so that the limit of paying or receiving should be as narrow as possible. If any Line carries largely in excess of its proper share, there is an immediate outcry for a re-adjustment of the pool, so as to meet the necessity of the case.

The Conference between India and China and Japan.

20. It exists between the P. & O. Company, the Austrian Lloyds, the Navigazione Generale Italiana and the Japanese Company. With the exception of opium, which is carried exclusively by the mail steamers of the P. & O. Company, all the other cargo is pooled according to a fixed scale of sailings by each Company. As exemplifying the manner in which these pools are worked, it may be mentioned that in this trade one particular Line found it to its interest to take its share of the pool, but to carry practically nil. This required a readjustment to the extent of reducing the margin between the carrying rate and the amount to be paid into the joint purse to an insignificant figure.

The return trade from the Far East towards India is quite insignificant, but is regulated much in the same way as above.

The Australian Outward Conference.

21. This is controlled in a way absolutely different from the India and China Conferences by a combination of owners and brokers, popularly known as "Davis." "Davis," I believe, was the name of the house or office wherein this combination, many years ago, commenced existence, in the days when the Australian trade was principally carried on by sailing ships. The various members of this Conference hold their interest in it by means of shares, which are supposed to be allotted in proportion to their importance in the trade. The agreement, under which the trade is worked, is definite until 1st March, 1911, and thereafter until terminated by two-thirds majority, but any single signatory may retire on giving two months' notice. This combination works, on the whole, for peace, and if there were none such, shipowners would be worse off than they are now, while as regards the shippers, they would not have such fine fleets at their disposal as they have now, with regular and well-understood rates of freight to work by. Shortly stated, all the cargo steam owners pay into the Association account on the basis of 12½ per cent. of their freight, and there is now no chartering except an occasional sailing vessel in the event of the steam tonnage being insufficient for the requirements of the trade. The contributions to the Association are divided amongst the members according to their shares, and the cargo steamer owners have a pool among themselves. The Association has a fixed tariff of rates which applies to all cargo steamers. The mail steamers' rates are higher than this tariff (except for weight) and vary according to the demand for space. They can quote the same rates as the cargo steamers if they wish to do so, but it is understood that they will not quote less. The rates of freight are fixed by the "'Rates Committee" of "Davis," very often after consultation with the "Merchants' Committee" in the Australian trade. The net result of the system, so far as the P. & O. Company are concerned, is that last year we received back only £91 16*s.* 6*d.* as a return on our shares, beyond what we paid in. So far, therefore, as our experience goes, our connection with "Davis" does not hinge on its direct profit, but upon the indirect advantage accruing from friendly co-operation amongst all concerned in the shipping trade.

22. There is no homeward Conference from Australia, but there are agreements in reference to the convey-

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ance of the more valuable products, such as butter and fruit, which require refrigerated tonnage and rapid delivery.

23. The following are the rebates allowed to shippers and the periods applicable to the same:—

—	Outwards.	Homewards.
India	10 per cent. 8 months in hand.	Calcutta.—5s. per ton on Tea, 8 months in hand or an equal discount in Cash to those who have signed last Agreement.
China, Japan and Straits.	10 per cent. 6 months in hand.	Colombo.—10 per cent. 8 months in hand. China, Japan and Straits.—10 per cent. 8 months in hand.
Australia	10 per cent. 6 months in hand.	

20490. (*Chairman.*) In the fourth paragraph you say, "Evidently, therefore, the public have gained through "the operations of these Conferences, so far as the "mail service is concerned. For it is quite certain "the Company could not have carried out the public "work which they have done, and earned the moderate "profit, which I have mentioned, without co-operation "among shipowners engaged in the same trade as "themselves." Will you explain that passage a little; what do you exactly mean by that?—That is absolutely true, without the slightest doubt.

20491. Why is co-operation amongst the shipowners necessary?—Without that sort of agreement, which we refer to as a Conference agreement, I suppose our freight revenue would have been 30 per cent. or 40 per cent. less than it is, in fact, our service would not have existed as it has done—it would have been impossible. You should understand that a mail contract, or even passenger traffic, does not keep a business like ours going. The goods traffic is at least six times as great as the amount of the mail subsidy, and the passenger traffic, as you are aware, is to a very much larger extent an out-going, that is to say, the expenses are very much larger, proportionately, than they are on freight. Therefore, the crux of the profit really depends mainly upon freight, and that, if there had been no agreement, could never have attained the figure that it has attained, and there would have been such a condition of affairs that I doubt very much whether the P. & O. would have been in existence at the present time—it would not have been in existence in its present shape, at all events; it might have existed in some other shape.

20492. Two paragraphs later on, you say, "The "Bombay Conference made a serious miscalculation, "as narrated by Mr. Langdon"; what do you mean by that?—I am alluding to the evidence which was given very elaborately by Mr. Langdon. There is no doubt whatever that the Conference—which was joined by one or two new members; and I think the particular new member, as far as I recollect, was at that time the Clan Line—foolishly imagined that they could put their rates up proportionately to cover the disadvantage of having an additional partner in the trade. It was a great miscalculation, for the Bazaar people, the natives of India, being a co-operative body, came in behind the Conference altogether and knocked it into a cocked hat practically.

20493. What do you mean by the words which you use three or four lines later—"the unfortunate word-"ing of a circular"?—I do not want to dwell upon that if you will allow me, because the gentleman who was mainly responsible for it has been dead for some time There is no doubt that that circular was unfortunately worded; it was not attempting to raise the rates of freight, but it was worded in dictatorial fashion, and it frightened the China merchant and annoyed him at the same time. That is the historical fact with regard to that.

20494. Can one see that circular? Where is it to be found?—I do not think it is to be found. It is a matter that occurred over 30 years ago, and I am alluding to it because Mr. Langdon gave the history of it, and, speaking on behalf of Manchester, laid such great emphasis upon its conditions.

20495. At the close of that paragraph you say, "Nothing, I suppose, would have been heard of this "Commission but for the dissension between the South "African companies and their customers." Why do you say that?—I may say here distinctly, that nothing would have been heard of this Commission but for the dissensions between the South African companies and their customers. I say that, in the first place, because I know it, and, in the second place, because during the whole of the last 25 years or longer, there has not been a single public complaint made with regard to the Eastern Conferences or their methods of transacting business—not a single public complaint.

20496. Do you think the mode in which Sir Alfred Jones has conducted his Conference has had anything to do with this agitation?—I do not know his connection with it at all. That is the gentleman who gave secret evidence, is it not?

20497. I want to ask you now one question on which your opinion would be of the utmost value: If deferred rebates were made illegal in England and remained legal in Germany, would British shipping be injuriously affected?—There could only be one answer to that question.

20498. What is it?—It would be absolutely injurious to British shipping. I do not see how you are to differentiate between the two countries in that way. I put the point, I think, pretty clearly a little later on, where I say, "If anything of this kind were to be "attempted, while foreign countries remained un-"hampered, the tendency to construct larger and finer "vessels would incline undoubtedly towards our Con-"tinental rivals. In this connection it must not be "overlooked that the Continent of Europe is vaster "than Great Britain, and that new foreign Lines are "springing up every day to contend against the supre-"macy which the British shipowner still holds on "the sea, and which our ports once held in the markets "of the world."

20499. There have been some points raised in the evidence given by some of the witnesses before the Commission relating to the trade in which you are interested; would you prefer to have these points spoken to by some official representing the P. & O. Co., or would you rather deal with them yourself?—I should be very glad to answer any question you like to put, as far as I can answer you broadly; of course, if you wish to go into details, I may be unable to deal with those off-hand.

20500. I will first draw your attention to the evidence we have had as to the trade with Australia. Is there any agreement with the German Lines there?—The first question you wish me to deal with is, as to the way in which the Conference is worked in England and on the Continent; that is so, is it not?

20501. Yes?—There is no difference whatever, as far as I know, in the two systems. Speaking, at all events, so far as the P. & O. Co., are concerned, I have had no Conference in any trade in which the Germans are interested where we are not both on an equal footing, and in trades in which the Germans are engaged, I have myself before now declined to have anything to do with an English Conference, unless the Germans were party to it in the same way as ourselves.

20502. Are shippers allowed to charter if they load a ship with their own goods only?—That is a question which really does not apply to the eastern trade at all. No shipper in the trade has sufficient goods to load his own ship; that state of affairs does not exist.

20503. (*Sir Hugh Bell.*) Not in regard to railway iron?—No, not in regard to railway iron, unless you are referring to the Government of India or to the railway companies. You could not interfere with their chartering a ship if they cared to charter, in fact, they do so at present. I am speaking of the general merchant.

20504. I put my question quite generally, and you have given the specific answer that I expected you to give, that the railway companies and other similar bodies can, and, in fact, do, charter for full cargoes, but that is not possible with the general merchant?—Because the general merchant is not a large enough consignor.

20505. Now I will put the converse question—as to the homeward business; what do you say as to that?—As to the homeward business from ports in India,

there is no doubt that the general merchant can load his own ship, because we have no homeward Conference from India, except in the case of tea. I think it is necessary rather to emphasise this point, that, after all, the great object of a Conference is to affect what you may call valuable cargo—not rough cargo. In the case of the Indian trade, the rough cargo that is brought from India, in good seasons, at all events, is so very much larger than the tonnage employed by the Conference, that, necessarily, outside tonnage comes in. That is the case with merchants like the firm of Ralli, for instance, who charter largely and carry as they like.

20506. You are referring now, of course, specially to things like rice, maize, and wheat?—And seeds and that sort of thing.

20507. Oil seeds, I suppose?—Oil seeds, rice, linseed and so on.

20508. Tea you consider a valuable cargo?—Yes.

20509. And it is under a Conference arrangement?—Yes. I may as well point out one difference—if it has not struck you already in the evidence you have heard—between the Indian trade and the China trade. The Conference covers the whole of the China trade and the Straits trade, and the tonnage we send out to China is quite sufficient to take all the cargo that comes from there, whereas it is not sufficient to bring home the cargo that comes from India. The same thing applies to Australia. We are not able to bring home by steam tonnage the cargo that is exported from Australia, and the consequence is, there is no such thing at the present time as a Conference from Australia, and anybody can ship whichever way he likes. The only arrangement outside that is, that for cargo such as butter, meat, and fruit, there are agreements and contracts always in existence. The state of things is altering so much in connection with the Australian trade that I feel pretty sure that it will not be very long before the outward tonnage to Australia will be sufficient to carry the home trade as well; and, in my opinion, it would be greatly for the benefit of all concerned to have a Conference.

20510. One of my Brother Commissioners asks you to explain the words "all concerned"?—I mean both parties, shippers and shipowners—surely it would be so.

20511. (*Chairman.*) Do shipping agents forfeit rebates on shipments by Conference Lines to loyal consignees, when, on instructions from a disloyal consignee, they have shipped goods for him by an outside vessel?—I say, yes. I say the Conference only recognises the shipper, and they do not care for whose account he ships. They recognise simply the shipper, and it would be impossible to deal with him in any other way. During the recent great fight that we had in the Antwerp trade, we had innumerable applications to allow of shipments to take place by opposition vessels (which, of course, were ready to take goods for next to nothing) on the understanding that the shippers were not to suffer in regard to the rebate. I have replied to that question in my statement, I think, by anticipation very emphatically. I say there, "No doubt merchants would like the Conference better "if they could have everything their own way, which "is a very natural feeling. This seems to imply, "judging from the evidence which I have read"—and not only the evidence which I have read, but the facts which I know—"that whenever any casual oppo- "sition is brought on the berth, the merchant should "be free to patronise it, to the detriment of the ship- "owner who runs his ships all the year round, and at "the same time secure his Conference rebate. Such "a situation appears to me ridiculous and impossible."

20512. Mr. Tredwen, in his evidence before us, spoke of the rates by the direct Lines from the United States to Australia as having been, some time ago, much lower than the rates from the United Kingdom, owing to the greater competition existing among the Lines carrying from the United States. Can you give us any information upon that point?—I can only account for the difference—if it is the case that there is a difference, but I have no personal knowledge of the rates from the United States—by assuming that from America they either ship in a very much cheaper class of ship, or they run in a different way altogether to the ships that are run under a Conference from England. I know something about the profits and the losses on the ships running from England, and I am perfectly sure that, so far as the rates of the last two or three years are concerned, the running of those ships at lower rates than they have been receiving, would mean absolute loss.

20513. (*Captain Collins.*) I would like to ask you whether you are aware that the rates from Antwerp to Sydney are lower than those from London to Sydney?—They are not lower on the same kind of cargo.

20514. The statement has appeared once or twice in the Press?—It is an old story, and I have heard it discussed and refuted in the House of Commons, that the English Lines found it to be to their interest to take cargo at lower rates from the Continent.

20515. A statement to that effect has quite recently appeared again in the Australian Press?—I can only say, so far as my experience goes, that it is not the case that cargo of the same description is taken at lower rates from any Continental ports than from London.

20516. I would like you to go back for 10 or 15 or 20 years; could you tell us whether the same condition of things existed then?—I believe so. I took part in a discussion on the P. & O. mail contract in 1887, which was opposed very much in the House of Commons, and we were then able to prove positively that the allegation that we had ever taken cargo from Antwerp to any ports in the East at lower rates than from London, was absolutely untrue.

20517. (*Chairman.*) I will draw your attention now to some of the evidence that we have had in connection with the Straits Homeward Conference. One of our witnesses referred to a secret agreement which was entered into on November 23, 1897, between the Conference Lines and the most powerful of the merchants of Singapore; can you tell us anything about that?—As I understand, you want to ask me about an agreement made with three firms in Singapore in 1897, which contained terms different, to some extent, from the general rebate applicable to shippers?

20518. Yes?—The fact of the matter is this: The freights in Singapore at that time were 5*s.* per ton, and we, who were engaged in the trade, had to endeavour, if we possibly could, to get that state of things amended. It was found that we could only do it by purchasing, as it were, the chartering business of those firms. We paid them, or made an arrangement by which they were to be paid, for ceasing to charter; and the result, of course, was that instead of the Singapore rates being at 5*s.*, they were gradually worked up to about 25*s.*, which is not by any means an outrageous rate. The peculiar fact in this case is that, although those firms were at that time in the position of monopolists of the Singapore shipping trade, to the extent, I should think, of 70 per cent. or thereabouts, since that agreement was entered into, the ordinary shippers have increased in number and in the extent of shipments, owing to the fact that these firms, now being no longer able to charter, have left the market more open, so far as the ordinary shipper is concerned, than it was before. This agreement did away with a sort of monopoly.

20519. One of our witnesses contended that the rates were exorbitant, and that trade was being strained to just short of the breaking point; and he stated that, in his opinion, in a free freight market the rates would be about half what they are now?—That is, some gentleman from Singapore said that if there was no Conference, and if there was a free freight market, the rates would be about one-half of that they are now. If that were the case, some of us would have to go into bankruptcy; that is quite certain. But no merchant, so far as my experience goes, ever wishes to have a free freight market. What he wishes to have is a regular and fair rate. Of course, when there is any chance of somebody coming on the berth and giving a lower rate, he wants that lower rate; he wants it both ways—but that is quite impossible.

20520. Then we have had great complaints about the freight for the carriage of tin from the Straits Settlements?—As regards the freight on tin, I think at the present moment it is 25*s.*, though I do not quite remember. Of course, the miners would like very much to have this cargo carried as ballast, but that, again, would not be very remunerative to the shipowner. The *ad valorem* freight on tin has never been allowed to go beyond a moderate point, and after all

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the *ad valorem* test is an effective test of what the standard freight ought to be.

20521. Mr. McArthur told us that since the establishment of the Conference the rate on tin has been very gradually advanced, and it now stands at 25*s.*, or 400 per cent. higher than the rate usual in pre-Conference days. That is rather a startling statement; is it correct?—I have just said that the idea of the tin miner is to get his tin carried as ballast; but that will not pay us.

20522. Was it carried as ballast before the Conference days?—It was carried at 5*s.* per ton, which is a ballast rate, certainly, for a voyage of 10,000 miles.

20523. Is there any rebate system in the trade from the United States, and if so, to what countries?—I really do not know anything about that.

20524. (*Mr. Taylor.*) We know that there is no rebate in that trade?—And I think, too, there is not.

20525. (*Chairman.*) Now I will turn to the evidence relating to India and Ceylon. We have been told that in the Outward Conference to Calcutta there is a pooling of freights; what is the object of that?—The object of pooling freight is, of course, that the Lines, between each other, shall play fair; and (combined with the rebate system) is a means of not only keeping the shippers straight but of keeping the Lines straight among themselves, because shipowners are all rather keen to do as well as possible for themselves. When you have got the rebate system and pooling as well, that is a double security that all should go perfectly straight. The pooling does not affect the shipper.

20526. It distributes the sailings?—It distributes the sailings; and having arrived at the principle of what should be the proper extent of the carriage by each Line, it, as it were, sees that each Line does a share of the work. In my statement I have alluded to the fact that in the Bombay and China trade one of the Lines, the Austrian-Lloyd, coolly pocketed for some years their share of the pool and never carried anything at all. The effect was that the other owners insisted upon the pool being re-adjusted, and upon bringing the carrying rate up to 90 per cent. The carrying rate under ordinary circumstances is only up to about 70 per cent., or something of that kind; but in this case it was found necessary to correct the mischief by making the carrying rate 90 per cent., and leaving only a trifle for distribution in the pool.

20527. Mr. Langdon drew our attention to the great difference in the freight to Calcutta (30*s.*) as compared with that to Bombay (18*s.* 6½*d.*), the latter rate being due to the powerful combination of the Bombay piece-manufacturers; Mr. Langdon told us he thought either the shipowners must be losing money at 18*s.* 6½*d.*, or they are getting too big a profit at 30*s.*; what do you say to that?—I am not aware, as a matter of fact, what the rate for the carriage of cotton goods to Bombay is at the present moment. That is, so far as I am concerned, a secret in the hands of the Liverpool Conference people. If Mr. Langdon's statement is true, the difference appears to be great; but then the difference ought to be great.

20528. Why?—Because the voyage is longer to Calcutta, and Calcutta is one of the most expensive ports in the world. In that respect it differs from Bombay altogether. I should say, myself, that a difference of 10*s.* between Bombay and Calcutta would be only a fair difference.

20529. (*Sir Alfred Bateman.*) Do you give notice before raising rates?—One of the great features of a Conference is that we so seldom raise a rate.

20530. But you do sometimes?—I am sorry to say—at least, I will not put it I am sorry to say, but as a matter of fact, once we fix rates we very seldom vary them. I state as a fact now, that we could have raised the rates on various occasions, but simply having got into the way of using a tariff we stuck to it. We could have raised the rates considerably, in my opinion, during the South African War, but we did not raise them. We could have raised the rates considerably in the China trade during the Chino-Japanese and the Russo-Japanese Wars; but we did not. Therefore, the idea of giving notice is one of those things that hardly ever comes into the sphere of practical politics. We do not hold ourselves bound to give notice.

20531. Would you, as a fact, give notice?—I do not think we would, and I do not think we should be required to. Take, for example, the Australian trade. In the Australian trade we have what we call good seasons and bad seasons; and in the case of mail steamers, the rate for fine goods is sometimes 40*s.* and sometimes 60*s.*, which is by far the greatest variation that I know anything about in connection with the whole of the Eastern trade. If you ask me whether we do formally give notice to the Australian shipper that "things are so brisk that we are able "to fill our ships at 60*s.* instead of 40*s.*," I say, formally, we do not, but, practically, we do, because it is very well known in the trade what is going on.

20532 Do you confer with your customers before you raise their rates? Would you confer with the shippers before you made a change?—Very often, but not necessarily. If the shippers do not intend to ship by us, we do not expect them to give any notice to that effect.

20533. But they are bound to ship by you, are they not, if you have got their rebates?—I hope so. It does not always follow, you know.

20534. (*Captain Collins.*) The Australian Outward Conference is controlled by a combination termed "Davis"; does it include foreign Lines?—No. At the close of my statement I give particulars of the Conferences in which the P. & O. Co. are interested; and there I have given you, I think, a very clear explanation of what Davis is. Evidently Davis proper, which is an association owned by shares, does not include the foreign Lines; but the arrangements with regard to freights are all made with Davis by the foreign Lines, that is to say, the equalisation of freights in London, Liverpool, on the Continent, and so on, are all worked by and with the foreign Lines as well as our own.

20535. (*Mr. Taylor.*) In your statement you say there is a danger that without the rebate system "we "may lapse into a different state of things, building "large-carrying and slow vessels, keeping them longer "on the berth for loading purposes, at whatever rates "may be obtained for the time being." Then you go on to say, "A retrogressive policy of this kind would "not be advantageous to trade, nor would it strengthen "the Empire in time of war." A question was put to you by the Chairman about the trade with the United States; I believe it is generally known that in that trade there are no rebates; how do you reconcile the fact that in that trade the swiftest and largest vessels in the world are employed without rebates, with your contention that it is only in virtue of rebates that such ships exist?—The value of the American trade—and you are speaking generally of the American trade—is in its passenger traffic, and not in its freight; whereas the value of the trade we are discussing now, the Eastern trade, is in its freight and not in its passenger traffic.

20536. Surely that is a very strong thing to say? Are not the great Lines between the United States and this country constantly building larger and larger vessels for cargo, principally; take, for instance, the White Star?—I am speaking about the general aspect of the American trade. As I am not an expert with regard to the American trade, I can only, of course, speak of my impression in very general terms; but my impression is, that the cargo business in connection with the American trade is entirely of a secondary and subordinate nature in point of value as compared with the passenger trade.

20537. The rebate system, then, is no use where passengers are concerned?—None; but the Lines can get up good fights over that trade sometimes.

20538. Where the passenger trade is concerned, your contention is, that a rebate system cannot be applied to passengers; but I am putting it to you that, in spite of that, or in consequence of that, the largest and swiftest vessels in the world do appear in those trades?—That is because the passenger business is so enormous. It entirely depends on that; and it has little or nothing to do with freight at all.

20539. I understand from you that shipowners must look after their own interests first?—They would be very foolish if they did not.

20540. That is a position that shipowners, I am sure, will endorse?—They are all philanthropists, more or less.

20541. Do you consider that it is as patriots or as philanthropists that the policy of rebates has been adopted, in order to strengthen the Empire, as you put it, in time of war?—I will tell you exactly what was in my mind when making that observation. What was in my mind was the South African War, when shipowners carried the 300,000 or 400,000 men—more or less—at different times, backwards and forwards, in so perfect a way that it was the wonder, I may say, of the world. The ships that did that most effectually were not the tramp class, not the *vagabonds de l'océan* as the French call them, not the small-powered vessel going at 8 knots an hour—and the great rapid Atlantic ship, comparatively speaking, was a failure, I believe, in that respect in regard to efficiency and economy—but the ships that came in and did that work so well and so effectually were vessels with rather moderate passenger accommodation, and what we should call a moderate speed now-a-days—ships of 12 and 14 knots an hour. Those were the ships that did the great bulk of that work, and it would be a very great pity, from the Empire point of view, if anything were done by legislation that would discourage improvement in the construction of vessels of that economical kind.

20542. I am sure we shall all agree that it is desirable to foster a kind of vessel that would be useful for transport purposes in time of war. The only doubt I have is whether it is quite certain that the existence of vessels of a speed of 14 knots, with a large carrying capacity, is only to be achieved by a rebate system. It does not seem to me that that is quite made out?—You cannot very well prove anything by anticipation.

20543. Is it your opinion that a Conference cannot effectively exist without rebates?—I am speaking now of the Eastern trade, and I say that if we are not going to have a Conference system of which a rebate is a part, there is a very great danger that we shall have a different state of things to that in which we have been existing hitherto.

20544. Would that be a worse state of things for the shipper?—Yes. With regard to shipping, you have two great interests to cater for. You have the great passenger trade, as, for instance, in connection with the United States; but the bulk of the carrying trade in the world is cargo trade, and in the East, where we are engaged, the preponderance of the trade is altogether cargo. The number of passenger steamers required there is very few, because the passenger traffic is very limited. Therefore, the number of steamers that will be created in the Eastern trade of a superior class with a view to passenger traffic will always be of a very limited extent and a very limited scope. We have not 80 millions of Europeans or Americans on the other side of the Suez Canal, you see.

20545. In connection with the Singapore trade, you mentioned that by an arrangement or bargain of some kind, a monopoly among three firms, I think it was, was done away with at a time when the rates were too low, and that, as a consequence, or, at any rate, as a corollary, the position of the merchants in the trade was rather improved. Am I correct in that; is that what happened?—I say the number of shippers in the Straits trade has increased since that.

20546. You said the monopoly was done away with?—Yes, that particular monopoly.

20547. You think, then, that monopolies should be done away with when they apply to shippers?—As Sir Henry Campbell-Bannerman said about tea—that would depend upon the tea; so it would depend upon the quality of the monopoly.

20548. But why should the monopoly which keeps out the small merchant in Singapore and keeps him in his proper place, be done away with by philanthropic shipowners; and why should the same philanthropic shipowners tell us it is essential that the small shipowner of a casual and tramp character should be kept out?—Do not exaggerate my point of view.

20549. I only want to get at it?—My point of view is very clear. The freights were at 5*s.* per ton, and that state of affairs had to be remedied, and the only way in which it could possibly be remedied was by bringing these chartering monopolists, as we may call them, over to our side. I do not know that we particularly thought about the small shipper; we thought about the 5*s.* freight, mostly.

20550. I understand; the abolition of the monopoly was a mere by-product, and is not to be quoted against you?—I have no doubt that the monopolists in chartering thought they were very philanthropic; but they required to be paid in order to give up their position.

20551. You say, that you look forward to the day when the outward tonnage to Australia, which is now insufficient to bring all the cargo home, will be sufficient for all the homeward cargo from Australia?—By-and-by I think it will be. The change from the sailing vessel to steam has been very slow, of course; but it has been progressing rapidly of late years.

20552. In that case, practically, as has happened in other trades, the whole of the outward and the whole of the homeward trade in connection with Australia will be done by regular Conference Lines?—For the good of the trade, generally, I hope so.

20553. Can you see any distinction between a monopoly of that kind and the railway monopoly in this country, for all practical purposes, if you have a state of things between here and Australia in which all casual tramp interference is ruled out and the whole trade is in regular Lines?—We poor shipowners have not got the benefit of Acts of Parliament.

20554. You anticipate me. What would happen then would be that you would have a monopoly similar to the railway monopoly in this country but not regulated by Acts of Parliament?—But it would be a monopoly which could be interfered with at 24 hours' notice.

20555. If this sort of thing is going to happen in Australia which has happened elsewhere, and, apparently, is going to happen all over the world, everything will be a monopoly. Who is to interfere with the Conferences when all competition has been obliterated?—A monopoly that you can end at 24 hours' notice is not a monopoly in the sense referred to when you speak of railways. A monopoly created by Acts of Parliament is a different sort of monopoly from one voluntarily created, and only existing by an understanding between the various parties concerned.

20556. Would you explain to me what is the kind of competition which exists between the individual members of a Conference? I, perhaps, may make clear where I see a difficulty. There can be no competition in regard to the rate, because the rate is fixed; and there can be no competition in regard to the sailings, because, I take it, the amount of tonnage put in and the days of departure are regulated; is that so?—Not quite. The competition that exists inside a Conference is competition that exists for, I may say, the purpose of efficiency; each Line inside a Conference says, "Now that we have got the trade "upon a regulated basis, we will hope that it will "remain upon a regulated basis." Our carrying is not upon the basis of a pool. The great majority of Conferences are not worked upon a pool basis, although they are worked upon a rebate basis. The consequence is, that we build better ships—more expensive ships—in order to try to get a larger share of the valuable cargo. That state of affairs exists at the present moment in the homeward trade from Calcutta and from Ceylon in regard to tea. There is a very strong competition between the Lines in the improvement of their tonnage, in order that they may get a larger share of this more valuable freight.

20557. (*Chairman.*) You stated in your evidence before the Subsidies Committee, that if merchants had any serious complaints as to the rates of freight or otherwise, they would forfeit their rebates and send their goods by outside steamers; are you still of that opinion?—Yes, decidedly. Why should they not? They can combine and charter vessels to-morrow.

20558. (*Professor Gonner.*) Do you think it would be possible for the Commission to see the Agreement of the Australian Outward Conference—of course, in confidence?—I do not see why you should not, and I do not see why the Australian Outward Conference should not have come here to give evidence. I believe there is no mystery about it. The only peculiarity about the Australian Conference in comparison with

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other Conferences is, as I have stated in my Memorandum, that it is an association worked by shares. I think that the Australian Outward Conference might very likely not care to show you the proportions in which the shares are held by the different people. I have told you the result so far as we are concerned—that what we pay into the Conference, we take out, plus about £90. That, I believe, is the only mystery in connection with it.

20559. But you, yourself, would have no objection to disclosing that Agreement to the Commission, in confidence, of course?—I should not—not the slightest. But I think it is right to say that that condition as to the shares held by the different parties is a somewhat delicate matter. I think, for instance, that very likely the P. & O. ought to have a larger share; I think that we may be sacrificed to a certain extent for the benefit of other interests, and so on; but apart from that, I do not believe there is anything in it at all.

20560. You state, with regard to the Eastern Conferences, there have been no public complaints during the last 25 years; were there not complaints which led to the appointment of a local Commission in the Straits in 1902, and to what do you attribute those complaints?—I am, of course, speaking generally, and more particularly, with regard to this country, where, we will say, the shippers all over the world are represented. I am speaking from that point of view. There has certainly not been a complaint with regard to the Conference generally for the last 25 years. With regard to Singapore, although we had ourselves no notice whatever of a complaint, we quite understood that when the rate on tin was put up from 5*s.* to 25*s.*—from a ballast rate to anything like a fair rate—there would be a considerable amount of feeling there. Of my own knowledge, I know that the then Governor and authorities in Singapore were very inimical to the idea of a Conference being established there, and were very inimical, more particularly to the P. & O. Co. Why an innocent body like ourselves should be looked upon with that sort of feeling is one of those things which I do not understand. In the House of Commons Committee with regard to mail subsidies, as you may know, the late Acting Governor of Singapore gave the strongest possible evidence upon all sorts of points directed against the Conference and directed against the P. & O. Co. He committed as considerable a series of blunders in his evidence as his worst enemy would have wished him to do. The Singapore Commission arose from a feeling on the part of the Government and the mine owners, more than from a feeling on the part of the merchants generally.

20561. Do you not think that there was a very serious objection felt among the merchant community in Singapore with regard to this private 5 per cent. rebate?—There is sure to be an objection to everything in this world, and there are people who do not venerate Conferences as they should do. There is always a Cave of Adullam somewhere or another, and there was at Singapore. But I do not think there was the feeling that you speak of. We had only a visible demonstration in the case of one firm, and I do not think there has ever been a second. We had a visible demonstration against it in the case of that one single firm, and that was because they did not get a good enough share; the moment that they were pacified, they were lambs.

20562. Do you think that the arrangement in itself is a desirable form of arrangement?—I am not sweet on it.

20563. What is it, in your opinion, which prevents a Conference from taking advantage of its position to raise rates unduly? It is quite clear that a Conference is able to raise rates to some degree, but what prevents it from taking undue advantage of its position?—Commonsense, and the knowledge that means will be found very quickly to bring the Conference to its bearings.

20564. Would you indicate those means, because it is clear that some Conferences have not the same supply of commonsense that others have?—I assure you that is a thing altogether belonging to a by-gone age. Twenty-five or 30 years ago, Conferences might have attempted to exceed in some way or other what you may call their legitimate functions, but now-a-days it is impossible—absolutely impossible.

20565. Why?—Because they are conscious of the fact that to-morrow any Conference might be upset.

20566. Then, you think, the destruction of a Conference is not such a difficult task?—Our hold is in one way a very powerful one, but in the other way a very slight one. It depends upon the good sense with which it is guided; without that good sense it is liable to be upset at any moment.

20567. Do you think, then, that the various members of a Conference itself are not sufficiently welded together in interest?—I think they are not sufficiently welded together. I think that you are always liable to a split in a Conference. It has happened over and over again, and it is liable to happen to-morrow in some Conferences that I know of, because some member or other thinks that he is not getting his share of a trade which he ought to get.

20568. If you will allow me, I will ask you now a question or two about the Australian homeward trade. Mr. Sanderson, of the White Star Line, said he was afraid that in the Australian homeward trade there were many rebates not deferred, but of a secret character; do you think that is true, judging from your experience in that trade?—I have no knowledge of the fact, absolutely. I neither affirm it nor deny it. I think the Australian homeward trade would be altogether a very much more virtuous one if it were under a proper Conference.

20569. Do you think that there are uniform rates with regard, for instance, to such an article as wool?—No. You could not have uniform rates with regard to such an article as wool. But you could have, no doubt, a better understanding, as adaptation of rates to seasons, and so on. For instance, in the Australian trade this last year many of our homeward vessels had to come away comparatively empty—that is, not quite empty, but with a great deal of unfilled space—because the export of wool at a certain moment of the season was almost entirely to Germany. Now I do not know whether a better understanding as to rates would have helped the export to this country or not, and I could not say, as a matter of certainty, that it would, but I think it might have tended in that direction.

20570. Is the rate on wool, as an actual fact, a very fluctuating one now? Does it fluctuate from season to season?—It is very fluctuating.

20571. It has been suggested to us in evidence that it would be desirable that associations of merchants should be formed in the various trades, and that such associations of merchants should be brought into some relation for negotiation with the Conferences. I dare say you have seen that suggestion in evidence. They might discuss such matters as the raising of rates and the extent to which protection should be granted to shippers when there is a rate war. Do you approve of such a system as that which has been adumbrated?—Would they discuss the question of profit and loss to the shipowner?

20572. I cannot say what they would do?—I think unless that were included, there would be no particular advantage in it. It would be a proposition, I consider, which it would be absolutely impossible to legislate for. All these combinations must be voluntary. Conferences are purely voluntary arrangements. The various mercantile associations, that we know exist, are purely voluntary. By a subscription of so much a year you arrange for the services of an intelligent secretary, and so on, and then you set to work. I may quote, for instance, the Calcutta Tea Association; you get associated together there men who are always taking care of the interests of that association, and making it felt *vis-a-vis* the Conference at every moment as it were.

20573. You have had experience in some such association; do you think their formation has been an assistance in what we might call the harmonious regulation of trade?—So far as freights are concerned, I doubt it, I confess.

20574. In other matters you think, however——?—I presume they are of great general utility.

20575. But you do not think that they have been of much assistance in the determination of freights?—No. I think myself that freights would have been upon the whole quite as favourable to shippers without the interference of an association.

20576. So you do not think that the development of such a system would materially solve that particular difficulty?—No. I think it would rather tend to increase it. As I say, I do not quite see how you can legislate in that direction; I really do not.

20577. (*Mr. Owen Philipps.*) Have you any objection to being obliged to issue to all shippers a copy of the freight tariff of the Conference Lines?—Do you mean a tariff book?

20578. Yes?—I believe it is sometimes issued.

20579. Not in England; the Germans at present issue them to all shippers, and my question is, have you any objection to doing the same in England?—From our Handbook of Information our shippers may have a certain knowledge of those subjects. I think that to be obliged to issue a tariff handbook would be rather a mistake, because how often would it have to be issued?

20580. Would it not get over that difficulty if you advised the merchants' committee or the local chamber of commerce from time to time, of any alterations in the tariff?—I think it is quite needless, really. German companies, of course, are under a sort of police supervision in everything they do, and they cannot move hand or foot without; but I think it quite needless on our side, and I do not think it would do any good.

20581. (*Mr. Maddison.*) You told us that you bought out the monopolist shippers of Singapore?—The chartering monopolists.

20582. How did you buy them out?—It is on the general evidence which has been put before you; I forget the exact detail.

20583. I do not think our evidence tells us any details, does it?—I think so; it goes into it, as far as I know.

20584. I wonder if it tells us this—did you offer them cheap rates for a time, or for a long period?—No.

20585. You did not?—No.

20586. I think that is not told there. You have used the term "pacify"; what do you mean by pacifying people?—I forget in what connection I used it.

20587. You used the term in connection with the Singapore people—not the monopolist firms, but the one firm which you said raised any objection; you said you pacified that firm?—I remember now. Speaking, in reference to a demonstration in Singapore against the Conference, I said there was only one firm that had really made any practical objection, and that that firm was settled with—I cannot tell you exactly how; but afterwards they were most agreeable to the Conference.

20588. That is not what the vulgar call "squaring" them, I suppose?—No, I should not call it squaring them.

20589. No; you would not call it so?—I should not use that particular phrase.

20590. Quite so; I was only giving an alternative?—I will assume that their discontent was justifiable, and that when the cause of the discontent was removed, then they were quite satisfied.

20591. Was that particular cause exceptional to them?—I do not know that it was; but it was the only case I know anything about.

20592. Had they not the same terms as the others?—I cannot tell you. Probably their business at one moment was less important than it was at another.

20593. You also told us that you scarcely ever raised rates; is that because they are so high now that to increase them would tempt outside competition?—I said that there were circumstances under which I had honestly believed that we might have advanced rates; but having a Conference which works, as it were, in a groove, generally, and having rates fixed at a certain point, we did not take the advantage that we might have done in a case of war, when outside shipping was very abundantly employed, to advance rates.

20594. I was interested in that reply of yours about tin being carried as ballast in the old days; why is it not carried as ballast now?—I do not know much about that. I do not know what old days you mean.

20595. The days before the Conference?—It was being carried at ballast rates when it was 5*s.* per ton.

20596. Exactly?—But I do not know whether that had existed for a long time, or not.

20597. It was quite long enough for my purpose. At the 5*s.* rate, it was carried as ballast, and then something happened, and the rate went up, and it is not now carried as ballast. But all this only had to do with the rate, had it?—It pays a freight now which is fair in proportion to its specie value; when it was being carried at a ballast rate, it was not paying a fair rate.

20598. What I was anxious to get at was, whether it was due to any difference in the mechanical construction of the ships; or was it merely a question of rates that caused it at one time to be carried as ballast, and at another time to be carried as ordinary freight?—It was violent reckless competition that caused it to be carried at the ballast rate.

20599. It went from 5*s.* to 25*s.*, I think you said; how long had it been carried at 5*s.*?—That is what I cannot remember.

20600. For any long period?—I cannot remember, but not very long.

20601. Ten years?—Ships get tired of carrying at 5*s.* It was not very long.

20602. It is unfortunate that you cannot remember, but I was wondering how long you lived on these cut rates?—We cannot live on them.

20603. You have no idea of how long they did?—No; it was a question of months, I think.

20604. And only months?—Yes.

20605. I gather that you consider the Conference system of mutual advantage to shipper and shipowner?—Absolutely.

20606. Do you not think, if that is really so, that the Conference system would hold well together without a deferred rebate system?—No.

20607. Why?—The deferred rebate system has the effect of keeping us both together.

20608. Then the mutuality requires a little pressure?—Yes. To put the matter quite clearly and openly, the Conference system and the rebates exclude fairly what you might call the casual competition. Without the rebate system, you are liable to have a state of chaos; with the rebate system, that casual competition which would throw things into a state of chaos is excluded.

20609. That is to say, by this system you keep out a competitor, casual or otherwise?—No, not otherwise. It depends upon the seriousness of the competitor.

20610. I must put my own question, and I still put it "casual or otherwise"?—And I say "not otherwise."

20611. My further question to you is this: If there came a Line who wanted to come into your trade, and it was a good respectable Line, should you make the facilities for its coming in easy?—No, not quite. It would depend upon this, to a certain extent—if the trade was so great that we felt the existing Lines could hardly do justice to it, we would prefer to allow an important interest to come in rather than set up a fight about it; but if an important interest wished to come in, and the trade was already overcrowded, the natural result would be a fight.

20612. Who would be the judge of whether it was overcrowded, or not?—Anybody might be a judge of that.

20613. But the persons who wanted to come in would not be the judge?—Anybody might be a judge of it, because it is a question of customs and exports.

20614. Anybody would be the judge but the person who wanted to get in?—The person who wanted to get in could be the judge, but he would probably think he was good enough to come in whether there was room for him, or not.

20615. I only wanted to get my mind clear on this point, that under the Conference system you are not only anxious to exclude erratic or casual competition, but your Conference system gives you a large control to exclude any competition that you think the trade will not stand; is that not it?—I suppose it is not

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far wrong; certainly, we ou_ ot to allow our freights to be cut gratuitously.

20616. You have told us in your interesting statement about the improvement in vessels, which you think is due to the Conference system; if there were open competition, would not owners be induced to improve their ships in order to compete most successfully? Do I understand you, that a badly-equipped ship is the best instrument in the hands of a man who is competing in an open market?—When you have got to compete in an open market, if you have got to compete in a state of affairs where the remuneration is absolutely uncertain, you naturally base your plans upon carrying as cheaply as possible, and that involves building a cheaper class of ship than probably you would build otherwise.

20617. In some trades the cheaper thing would be a useless instrument in competition, and I was wondering whether that did not apply in shipping. You say it does not. In the open freight market would you think it wise to put on inferior ships in order to compete successfully?—Put the matter in a different light: You can build a cargo ship, I suppose, for about £5 per ton upon its weight-carrying capacity or something of that kind; and the intermediate class of ship, which is employed in the Calcutta trade now, would cost £10 per ton, at least. If you have an open state of the trade, in which freights would be lower and would always be liable to oscillation, it is quite certain that the man who works with the cheapest ship, not only in the original cost but also in working expenditure in the way of fuel, and so on, would have a better chance of living than the man who builds the expensive and the ambitious ship.

20618. But only if he met the demand; would that not be so?—As far as the great bulk of the freight is concerned, the demand would be met by, say, the cheapest class of ship. There is no difference in freight now. The P. & O. steamers, for instance, go out to Bombay at 16 knots, and they cost, say, £300,000 a ship; but a cargo boat costing £30,000 would get the same freight within a shilling or two per ton, and would carry about ten times the amount of freight. I am using that as an extreme illustration.

20619. Why do you build these more expensive ships?—We have to carry a mail contract and to carry the passenger trade. I was using that as an extreme illustration, of course. But between the two extreme classes that I was thinking about, there is an intermediate class, which I consider to be a most useful class of ship, and the class that we are talking about, from the Imperial point of view—the ship that costs about double what your ordinary tramp costs—is that ship to be knocked on the head?

20620. It has been put in evidence by some of the witnesses that the shipper of ordinary cargo is penalised in the interests of passenger traffic; what do you say to that?—It is nonsense, absolute nonsense.

20621. What about the improvement of tramp steamers during the last 20 years?—Tramp steamers have been vastly improved in point of construction and in point of safety.

20622. And speed?—No. The tramp steamer is always, you may say, 8 to 9 knots.

20623. Are there not some tramp steamers doing 11 knots?—There may be a few, but I should not call them tramps.

20624. What would you call them?—They are approaching what we call the intermediate class.

20625. But they are outside the Conferences?—I do not know. I should say there are very few of the ships which you would call free-lance ships and which are out of the Conferences, that would be of that speed.

20626. I was interested in the distinction you drew between a monopoly which is State protected, like the railways, and your monopoly; what difference is there in the effect of the monopoly?—It seems to me that the difference is so wide that it is hardly possible to argue about it.

20627. If a monopoly is close and effective, what does it matter whether it is State-protected or voluntary, having regard to the economical effects of it?—If it is not State-protected, anybody can break into it any day.

20628. How often are your Conferences broken into?—In the history of the last 25 years, I should think we have had half-a-dozen instances.

20629. How long has the present arrangement lasted, that is to say, how long will it be since you had the last invasion?—The last was one we broke into ourselves. The last was the great fight we had at Antwerp for the trade from Antwerp to Calcutta and Bombay. That was a fight which lasted for about 18 months, or rather more than 18 months, and cost to the India Conferences several hundreds of thousands of pounds.

20630. Was it with the Germans?—Yes.

20631. I wonder what you would say to giving your monopoly, if I may term it so, Parliamentary protection and regulating it?—I would say it would not be successful.

20632. That it could not be done, and if it could, it would not be desirable, I suppose, would it?—It is a very wide question whether it is desirable. If a thing is not practicable, you need not talk about its being desirable.

20633. (*Mr. Lawrence.*) Would it be possible in your judgment to shorten the period of retention of these rebates without seriously affecting the position between the shipowner and the shipper?—I have always thought that six months in hand was quite enough.

20634. You do not think it is too much?—It is not too much. I do not think it hurts anybody, even though the sums in hand may be large. The shippers are accustomed to it.

20635. At any rate, you do not think it is too long?—No.

20636. (*Sir John Macdonell.*) Do I understand that you, personally, consent to the production before the Commission of the Australian Outward Conference Agreement?—I should have no right to do that. I have no authority to do that. I have said very distinctly, that so far as I know there is nothing in the Australian Conference Agreement except the division, the participation of the different parties concerned, which I suppose it would be hardly right to divulge.

20637. But if care were taken to exclude the portions of the Agreement which relate to the sharing of the profits among the members of the Conference, do you see any objection to the production of the document?—I see no objection, personally; but what is there to know then?

20638. Would you recommend that the document, with the exclusion of these matters, should be produced to the Commission?—If you give me a good reason for doing so, yes.

20639. I am asking you to tell me, if you can, whether you are prepared to recommend that the document should be produced?—I have no authority to act in the matter whatever. My point is, that outside the particulars as to the shareholders in the Conference, I know of nothing whatever that you can possibly require to know, except what I have told you in my statement.

20640. Are you so confident that there is nothing that need be kept back that you are prepared to recommend the production of the Agreement?—I will recommend anything you like, but I want to have a good reason for recommending it, when the people who have got this in their hands say they do not wish it.

20641. I want you, if you can—you may not be able to do it—to give me an answer to this clear question: Would you recommend the production of that document?—I have no reason not to recommend it, certainly.

20642. Are you not able to give me—you may not be—any clearer answer than that?—No; I do not see how I can. As I say, I have told you all that I can tell you about it.

20643. A feature of that document is, that brokers as well as shipowners are parties to the agreement?—Yes.

20644. That is a peculiar feature, is it not?—Yes, it is a peculiar feature.

20645. In your view, is it a desirable feature?—It is a necessary feature; the brokers were there before the shipowners.

20646. It may be a necessity, but in your view is it an objectionable necessity?—No.

20647. Would you think that it would be advisable that in other Conferences brokers as well as shipowners should be members?—There is not the same foundation. I think I can tell you the reason. The origin of Davis arose from the fact that all the outward trade to Australia was by sailing vessels; the owners of those sailing vessels were up in Aberdeen and in Greenock mostly—the Scotsmen were very much to the front in the Australian trade in the early days—and they could not, of course, load their own ships in London. Consequently, they put themselves into the hands of brokers, and these brokers, in order to get as much business as they possibly could, proceeded, not to cut their own throats, but to cut the owners' throats. That went on, I believe, for some years. At last, one of the brokers, who was more longheaded, I suppose, than the others, said, "What is the use "of doing this? Why should we not have a combina- "tion by which we could regulate the freights, com- "missions, and so on, to prevent injury to ourselves "and to prevent serious loss to the owners of the "ships?" That, I believe, was how Davis came about. How many years that lasted before we knew anything about it, I do not know, but, at all events, we came to know something about it I hold rather the same view that you do now——

20648. I hold none?—I thought the Conference should be entirely that of owners; but taking the historical facts of the case into consideration, and that these firms had established themselves in a strong position, it would have been only possible to alter the conditions after a big fight with the brokering element, which was very strong, and that big fight would have cost the Lines a large amount of money.

20649. To put it shortly, you would have liked to get rid of the brokers, but you could not?—Of course, I like principals better than agents, but it could not have been done, I believe, without a big fight, which would have cost a company, like the P. & O. Company, a large sum of money.

20650. One of my colleagues desires to know why this system, to which the broker as well as the shipowner is a party, is peculiar to the Australian trade?—Because the Australian cargo trade was entirely carried on by sailing vessels. Steam did not enter into the Australian trade till much later.

20651. I understand that in your view this arrangement is of a highly exceptional character?—There is no other arrangement like it that I know of.

20652. And it is one which you would not desire to be imitated elsewhere?—I will not go so far as that.

20653. How far will you go?—If I thought it would help to maintain rates, I do not know that I should object to it; and I do not see why I should. I have no pious opinion about it, you know.

20654. I am not quite sure that I understand your exact position in regard to the publication of rates. You told one of my colleagues that you saw no great good to be got from it; do you see any serious objection to it?—I really object to more publication than I see any good likely to arise from. If I see any advantage to be got by it, it would be different.

20655. You have made it clear that you see no advantage to be got from it; I am now directing your mind to the question whether or not you see any harm likely to result from it?—Within certain limits, I cannot myself see any harm. Freights are very uncertain things, and they are always liable to disruption in various ways. If I put out a tariff book like that, for what period am I going to say that that is to be kept up? If a merchant looks at that tariff book, and says, "Well, really it does not suit my "purpose to accept that state of things," he is not bound to ship.

20656. I am impressed by the manner in which you put your answer, but, all the same, is not the difficulty which you describe a difficulty which the German who publishes a tariff and a rate book has to confront, and does confront?—The German has always got a gendarme at his heels. I do not want to be gendarmed. *Sir T. Sutherland.* 19 *May* 1908.

20657. You do not say seriously that that is the explanation of the existence of a tariff book in Germany?—I think so.

20658. The existence of a gendarme?—I am putting it in a very broad way, but all public life in Germany, as we know, is regulated more or less on military principles.

20659. Is that not rather a far-off explanation of a simple fact? Do you see any serious objection, from a business point of view, to the publication of a tariff and its revision from time to time?—Not I, to the voluntary publishing.

20660. In your interesting statement, I note this question: Would this development of Eastern trade have been attained without the regular sailings, the level rates, and the rapid transit of the Conference Lines? You would admit, would you not, that the regular sailings, the level rates, and the rapid transit have, to some extent at all events, been brought about by other causes than the Conference system?—Of course.

20661. What were the other causes?—I should say that the electric telegraph had a great deal to do with it.

20662. And what other causes? Some of them you indicate in your memorandum, I suggest to you others, such as the improvement in the machinery of vessels. May I take it that in your view there were other and powerful causes, which operated to bring about regular sailings, level rates, and rapid transit?—Yes, I suppose there were.

20663. May I also take it that these causes would continue to operate whether there was or whether there was not a Conference system?—I am not so sure about that; they might, of course.

20664. On what do you base your uncertainty and doubts?—Partly because it might not operate in the same way.

20665. Your view, stated as accurately as I can, is that while the Conference system has contributed very materially to these advantages, other causes have been at work, and these other causes are likely to continue?—Yes, I should think so in all probability. It would be no use attempting to carry the Conference argument too far.

20666. You do not see, as I understand, much advantage in conferring from time to time with shippers before rates are raised?—The shippers look so keenly after their everyday interests that I assure you this Commission has no need to be afraid of a shipper suffering in that way. Our brokers, and the brokers of every Line engaged in every trade, are in absolute personal contact every day with the shipper, and the shipper knows every move of the game. Between that and a sort of Parliamentary Conference, I think——

20667. You favour a sort of commercial dictatorship in regard to rates; you prefer these matters to be settled in that way?—Do you mean that the shippers should have a voice in determining the rates of freight?

20668. No, I am not suggesting that to you?—Then what is the good of a conference between merchants and shipowners?

20669. You think it would be of no use, may I take it?—I do not think it would. Unless they are going to have a voice in determining rates, I do not see what good it would be.

Mr. FREDERICK ALCOCK, called and examined.

20670. (*Chairman.*) You are the General Manager of the Pacific Steam Navigation Co.?—Yes. *Mr. F. Alcock.* 19 *May* 1908.

20671. And you have prepared a memorandum of the evidence which you propose to give on behalf of the West Coast (South America) Conference?—That is so.

(*The witness handed in the following statement.*)

1. The attached statement (*see Appendix* XX.) gives in detail replies to the several questions asked by the Commission, and a complete set of rebate circulars and forms of claim for rebate now in use in the West Coast Conference steamers is sent herewith, together with a map showing the ports served on the west coast.

2. As regards the rates of freight shown in the said statement, I may point out that those ruling between July, 1894, and September, 1904, were unduly low, and, although unremunerative, were kept so to agree as far as possible with those ruling from the Con-

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tinent. The advancement made in the rates from 1904 to June, 1907, to put them on a better paying basis, was the result of an agreement between the British and German Lines, and in July, 1907, rates were again slightly raised to meet somewhat the increased cost of coal and other expenses, as well as the losses resulting from prolonged detention of the steamers on the west coast. Although the rates of freight have now advanced to the level shown in the statement, these are still far from remunerative, and I should mention that prior to July, 1894, the freight on all classes of goods were very considerably higher than those now ruling. The rate for fine goods being 80*s.* and for rough, 40*s.*

3. It will be seen from the circulars enclosed that the rebates are computed every six months, and are payable six months afterwards, and the circumstances under which these may be forfeited are also detailed. Practically the Conference looks upon the rebates as a bonus to those who comply with the ordinary trade precautions the steamship owners have had to take to prevent business, which they have built up at great expense, from being taken away from them, during and only during the season when the traffic is at its height, by irresponsible or it may be responsible opposition. The Conference could not provide such high-class steamers and regular continuous sailings were it not for the rebate system; and if our rebates were done away with the Germans would still hold to theirs. In this event the existing Agreement would be cancelled and the fluctuations in freights would be very violent, and, consequently, tend to make merchants' business very precarious. The West Coast Conference never rigorously enforces its rules, and if the conditions have been infringed unwittingly or under circumstances which can be regarded as exceptional, the forfeiture of the rebate is not insisted on, and I may state, as an actual fact, that there never has been a forfeiture of rebate since the West Coast Conference started.

4. Shipment by sailing vessel is allowed, and it is this factor, to a large extent, which is responsible for keeping the west coast freights *on rough goods* at an unduly low figure, considering the distance (not less than 10,000 miles) the goods have to be carried, and the expensive nature of the trade—coal, provisions, and west coast establishments being very costly.

5. In this connection, I may say, evidence of a rather extraordinary nature has been given by Mr. J. P. Maclay, that in the West Coast trade tramp steamers could not deal with rough cargo as it comes on the market, because, as a matter of fact, it very rarely comes in such volume as to enable the shipper to seek tonnage outside the Conference Lines.

6. The Conference in the West Coast trade, embracing as it does the German Lines, Kosmos and Roland, sailing from Hamburg, Bremen, Antwerp, and Rotterdam, provides that the freights whether from the Continent or United Kingdom shall be the same, which is a distinct advantage to the manufacturers and suppliers. The element of competition in freights is thus eliminated, and the country derives advantage to this extent. Beyond this, the trade with the respective Republics served is closely watched by the British Lines to see that there is no diminution or diversion of freight, and if such is found to arise, the attention of manufacturers and suppliers in this country is drawn to the fact, and a joint effort made to improve the position. A recent example of this is the paper trade with Chile, which has been diverted to the United States and Germany, and after conference with the trades the British West Coast Lines have forced the freight down from 35*s.* to 20*s.* per ton, and there is now some indication of recovery. In other words, the Conference exercises a force to protect the country's trade which an individual Line would be powerless to provide. None of the West Coast Lines interfere in merchants' business, as is very often the practice of tramp owners, and was admitted by Mr. Maclay, in his evidence, to be more or less his custom. The only article which the Conference steamers carry out on their own account is coal for consumption, either in their steamers running to the West Coast or plying solely there. A regular system of sailings, adequate for the trade, is maintained, and if from some unexpected cause this tonnage should fall short of the requirements, outside tonnage is engaged, though this operation has in nearly every case resulted in considerable loss.

7. Further, as to the hardship of the tramp owner as portrayed by Mr. Maclay, the West Coast Conference is of opinion that it would be impossible for a tramp steamer to quote as low a rate as the Conference when everything is taken into consideration. Tramp steamers invariably require that discharge should be at the rate of 200/250 tons per day, to do which may entail upon the merchants very considerable expense, which worked out per ton, would come to more than the Conference steamers charge, because the Conference steamers, except in very rare instances do not exact any discharge clause, taking their risk of being able to deliver the cargo. As bearing on this, I may say that, as a matter of fact, for many months past the Conference steamers have not been able to discharge in anything like decent time, and when I say that the discharge averages in many cases only from 10 to 30 tons per day, and not even that at the port of Antofagasta, the force of the argument now employed will be fully illustrated.

8. We feel we have a right to protect our interests, which are the result of hard endeavour, and that any interference with the rights of our branch of business, when almost all businesses in the country have found the need of, and have adopted in some way or other means of protection, is not warrantable. Even the people from whom we purchase articles required in our business protect themselves. The manufacturer in many cases will not supply direct to the steamship owner, but only through the general merchant or a middleman in his business, and the middlemen have Rings to protect themselves. The railways are all tied together by tariffs, and even the Government continues to support combinations of labourers by legalising their Unions.

9. Through rates under the West Coast Conference system are not granted from inland towns either in the United Kingdom or on the Continent. The Conference, moreover, affords a great protection to the smaller class of merchants, and to merchants as a whole, inasmuch as insurance on goods by regular known sailings is less than by outside ones.

10. Another advantage of the Conference is, that if large contracts for machinery or other goods come on the market, the Conference can deal with such as a whole, apportioning the total quantity over the various fixed sailings enabling a contractor, *whether large or small*, to enter upon the business with more security as to his tonnage and rates of freight, than he could if he had to rely upon chartering. And, further, it assists the manufacturer, inasmuch as he is saved the great expense of storing by being able to ship his goods as soon as ready, otherwise he would have to store until he got over 1,000 tons of cargo to cover a charter. Although cargo may be so apportioned, each Line in the Conference is distinct; that is to say, there is no pooling agreement of money earned, or division of expenses.

11. The Conference by means of its existence is able to, and has in the past, created trades by calling at undeveloped places and giving facilities at a loss, but, naturally, in the hope of future gain. I dissent entirely from the view expressed by Mr. Maclay in paragraph 8766 of his evidence, in which he states that it is the trade which commands the steamer. The very opposite has been the experience in the West Coast trade, and it could never have either been created or fostered by tramp steamers, which, naturally, could not afford to call at regular intervals for small parcels of cargo, say, a few tons.

12. At the present moment there are many ports called at which are simply being nursed, and although in many cases there is no homeward cargo from these ports they are put on a reasonable footing in the matter of freights.

13. Bills of lading are being assimilated from all points viâ Panama from New York, the Continent, and the United Kingdom, and the freight is shown on the bill of lading unless omitted under special request from the merchant.

14. As respects the Lines which run from New York viâ the Straits of Magellan, it should be mentioned that they are owned by merchants who ship their own cargo, principally consisting, generally, of American staple articles, but even these Lines have declared their intention of quoting similar rates to those in force by the British and German Lines.

15. As respects preferential rates to Governments and non-trading communities, such as municipalities and large institutions, the Conference considers these justified, as the development of the country, and these

institutions, tend to increase trade without damage to the merchant. Government cargo is frequently perforce carried at a lower rate, inasmuch as mail and other contracts existing with certain of our Companies embrace clauses to this end, as for example the Pacific Steam Navigation Company's South American Mail Agreement with the Chilian Government provides for certain reductions in freights to that Government.

16. The trade carried on, and in course of development by the large Lines, is subject to great risks, and, naturally, wants all the protection it can get; the great uncertainty in the West Coast trade being the difficulty of delivering cargo in reasonable time at the ports of destination. The delays from various causes such as labour troubles, quarantine, earthquakes, want of facilities for receiving goods, such as lighters, moles, customs buildings, and railway stock, have been such, now for some considerable time, as to lengthen the voyage by from two to four months.

17. In evidence it has been stated that some steam ship companies would improperly measure cargo to the disadvantage of the merchant. This, I should say, would not apply to any steamship company of any standing; and, as far as the West Coast Conference is concerned, I may say that there is a clause in the Agreement imposing a severe penalty for any such action. The element of competition, as affecting the Lines forming the Conference, is not eliminated by the agreement as to freights, inasmuch as there is a continual endeavour to surpass each other in the matter of speed, facilities, &c.

18. I enclose herewith, in addition to the documents already mentioned, a list of sailings of the several Lines forming the Conference to South America for a period of six months, as also the itineraries showing the service given by the three lines of the Pacific Steam Navigation Company, namely:—

1. Mail service.
2B. Combined passenger and cargo service.
3A. Cargo service.

19. In conclusion, I do not think that I can do better than confirm the evidence given to the Commission by Mr. Tredwen, and to say with him that the "Success and prosperity of British merchants is bound "up with the success and prosperity of British ship-"ping, and any legislation prejudicial to the one "must re-act on the other," and, further, that "legis-"lative interference to regulate the terms upon which "the shipowners shall provide tonnage and to prohibit "their giving rebates, especially when such rebates "are given to all shippers, is as uncalled for as "legislation to prevent manufacturers or packers "giving any preferential terms to large buyers or "exclusive supplies to loyal customers."

20672. (*Chairman.*) I shall ask Sir Alfred Bateman to take you through your evidence more particularly, but first I will put to you a few questions myself. You say in your statement that "the West Coast "Conference never rigorously enforces its rules, and "if the conditions have been infringed unwittingly or "under circumstances which can be regarded as excep-"tional, the forfeiture of the rebate is not insisted on, "and I may state, as an actual fact, that there never "has been a forfeiture of rebate since the West Coast "Conference started"?—That is so.

20673. Has there been in the trade any shipment on outside steamers?—There have been shipments on sailing vessels.

20674. Is shipment by sailing vessel allowed?—Yes, it is.

20675. But there has been no shipment on board outside steamers, I suppose?—There have been one or two, but under special circumstances, and we have passed those over.

20676. What kind of special circumstances?—They have been shipped by the forwarding agent by mistake.

20677. The trade of the west coast of South America is covered by two Conferences, is it not—one consisting of Lines trading viâ the Straits of Magellan and the other viâ Panama?—That is so.

20678. Are those two Conferences in any way connected with each other?—Yes, they are connected; that is to say, the Atlantic-West India Conference invite me to attend their meetings, and we work on agreed tariffs, assimilated tariffs; that is to say, the tarifi viâ the Isthmus of Panama and the tariff viâ the Straits of Magellan are the same for all practical purposes, though there may be one or two little items, by agreement, where there is a slight difference.

20679. Is that part of the agreement?—That is part of the agreement.

20680. Is there any pooling of freights?—No.

20681. You are concerned with the Conference viâ Magellan, are you not?—With both. We have a Line of steamers on the west coast of South America, which never comes to this country at all. It plies between the south of Chile and Panama.

20682. The amount of rebate is 10 per cent., I think?—Yes.

20683. Mr. Robert Maclaren gave evidence before us in regard to South America; are you aware of that?—Yes.

20684. He complained that the rates by the Conference Lines to South America were 50 per cent. higher than the rates by outside steamers; is that the case?—No. There are no fixed rates by outside steamers.

20685. Are there no outside steamers?—There are outside steamers occasionally that take coal to the West Coast and then come on the berth homewards; but in the general meaning of the term, there are no outside competitors in our trade.

20686. So, in your opinion, it would not be right to compare, and you cannot compare, the rates by Conference Lines to South America with the rates by outside steamers?—No. For instance, supposing a steamer is fixed to take coal—say, a man wants 3,000 tons of coal, and there is space left in the steamer for another thousand tons—the shipowner would offer that thousand tons in the market at a low price, in order to fill his ship, and anybody who is not tied by our rebate system might take advantage of that. In that case it might be 50 per cent. less, it might be more.

20687. Mr. Sissons stated that some years ago the rate from Continental ports was so much lower than the rate from the United Kingdom, that his firm used to consider that it paid them to ship goods from Hull to South America viâ Continental ports such as Hamburg and Antwerp?—It might have been under special circumstances, when we were fighting.

20688. When there was a freight war?—Yes.

20689. But it is no longer the case, is it?—No.

20690. How long has that been?—In the memorandum attached to my statement, I give you the date since which we have had this rebate system. The rebate system both from the Continent and from the United Kingdom came into force on October 1st, 1904. It was prior to that date.

20691. The freight war ceased then?—Yes.

20692. How long had it continued altogether?—Speaking from memory, the war continued for about two years.

20693. I suppose the effect of a freight war is that freights get very much lower for a time, and then at the termination of the freight war they rise again?—Naturally. We take freights on a non-paying basis during a war.

20694. Mr. Colley complained that the shipowners in his trade were competing as merchants and commission agents, and he furnished the Commission with papers which suggest that the Booth Line trade on their own account as merchants; but you cannot speak of the Booth Line, can you?—No. That relates to the east coast of South America; they go to the Amazon. I am talking now of the West Coast; and in the West Coast trade none of the Lines do any merchant business, excepting the Lines from New York.

20695. Are those English Lines?—No, they are American Lines.

20696. Does any rebate system prevail in this trade?—From the west coast of South America homeward there is no rebate system, but there is an arrangement as regards rates—we charge the same rates.

20697. A rate agreed between whom?—Between the Lines running—the Conference Lines.

20698. Then that is another Conference?—No; but they are the same Lines that constitute the Outward Conference. The South American Republics have no steamers running to Europe or to North America.

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20699. So there is a Conference which determines the rates of freight, but which does not adopt the rebate system?—That is so; but it is part of the other Conference, that is, it is attached to the other Conference.

20700. (*Sir Alfred Bateman.*) Do you publish or issue any classification of rates?—We did and do, but not a complete classification, as we were stopped from doing it by our German colleagues.

20701. They do it, do they not?—They do not—not in our trade.

20702. We have had a good deal of evidence to the effect that it has simply been the German Lines that always published the rates?—I heard the evidence this morning, and I was rather surprised at it, because it is quite different in our Conference. We did publish the tariff broadcast, and then we had a very strong complaint from our German friends about it.

20703. Why—what was their reason?—The reason of it is two-fold. Firstly, in the tariff itself we say that the rates are subject to alteration without notice; consequently, if the tariff is scattered broadcast, people will be acting on that tariff, and there may be no end of trouble and complaints and mistakes. The second point is, that we have fixed the tariff at a very low rate—our tariff is one of the lowest tariffs in the world, I think—and the Germans find that on occasion they can get a higher rate than the rate specified in the tariff; and for that reason the tariff is not published.

20704. Surely, you could issue supplements now and then, when you raised the rates?—We have no objection to issuing the full tariff at all; it is simply out of deference to our German colleagues that we do not do it. But it is open to objection, and so many circumstances lead to an alteration of rates in our trade that it is inadvisable to publish a tariff. The markets are continually going up and down, and, as an English company, we are looking after the trade of this country. If the market in New York gets to a certain stage and we do not watch our freight, our trade, instead of coming round viâ the Straits of Magellan to Europe, and we having the privilege of carrying it, will go in American ships to the United States; and that is a circumstance which we wish to prevent.

20705. But it is a security, is it not, to a shipper to know that he is paying the same as other shippers?—Any shipper who wishes to see our tariff can do so, and he is always furnished with the rates at once. We can prove to any shipper in our Conference that no one is getting an advantage—either a large shipper or a small shipper.

20706. Do you give any notice before you raise rates?—We usually do, but we are under no obligation to do it.

20707. Under your Notice, you are not obliged to do it, I see?—No. We print in the tariff that it is subject to alterations without notice, but as a matter of policy we usually do give a notice.

20708. Now as regards reductions of freight; do you give notice in that case?—No, I do not think we give any notice. The shippers find that out pretty quickly. Reductions in rates are usually forced upon us by circumstances which are known to the shippers very much better, as a rule, than they are known to us, for they bring the pressure.

20709. The rates have been advanced recently, I think?—Yes.

20710. At least they were in 1904?—Yes, they were advanced then.

20711. Your table shows a considerable advance?—Yes; but there is a very good reason for that.

20712. Had you gone down very low?—Yes. We used to get 80*s.* for fine goods to the west coast of South America. When I joined the Pacific Co., 20 years ago, that was the rate. We are now very glad to get 55*s.*, for which we carry the goods for 10,000 miles, taking Valparaiso as the point to which we carry those goods.

20713. The rate in Class 1 now is 55*s.*, according to your table, and Class 3, 37*s.* 6*d.*?—Yes, to Valparaiso the first-class rate is 55*s.*, and we used to get 80*s.* for that.

20714. Is not that rather high, compared with the rates to the East which you heard of this morning?—We do not find it so. Some of the Lines in our trade do not pay any dividend.

20715. I suppose there may be other reasons?—No; I am speaking of purely cargo Lines.

20716. You say in your statement that if you have not tonnage enough for the requirements, you get outside tonnage, "though this operation has in nearly "every case resulted in considerable loss"?—That is so. We had a very serious experience of that last year. We chartered boats, and we lost on every boat. It cost us £30,000 last year for chartered boats to meet an exceptional rush of traffic; that rush of traffic has now fallen off, and we cannot employ our boats properly.

20717. You do not want us to infer, do you, that your rates at that time were below those of the outside market, and that is why you had to pay higher for your tonnage?—No. When we find that according to our contracts and the quantity of cargo going out, it is necessary to put on more tonnage than our own, in order to meet the demands of the trade, we go into the open market and charter a boat from a tramp owner.

20718. (*Chairman.*) For a time, or for the voyage?—For the time, at so much a month; it is a time charter.

20719. (*Sir Alfred Bateman.*) We were usually told in South Africa that when people were able to charter at a much lower rate than they were paying to the Conference Lines, the Union-Castle and the other Lines, that showed that the Union-Castle and these other Lines were much too dear; but you say the reverse is the case here?—The reverse is the case in our experience.

20720. If that is so, you do not want your deferred rebates to keep your customers, if you carry a lower rate than they will get outside?—We have our rebate system to prevent other people from coming into our trade. We have built up this trade, we have gone to ports where there is no trade practically existing, the ports simply being a collection of huts, we have gone there and worked up the business at very great cost to ourselves; and the moment it becomes a paying business, a tramp wants to come in, and will unless we have protected ourselves in some way, and the only way that we have found out by which we can protect ourselves is by a rebate system.

20721. (*Chairman.*) You must have some system to ensure the permanence of your customers?—We must have some guarantee that our business is going to be protected.

20722. (*Sir Alfred Bateman.*) Do you take care that the rates from Germany shall not be lower than they are from this country?—We do, and we go further than that; we have just had a Conference recently, and we have arranged that not only shall the rate from all German ports and from all English ports be the same, but we have arranged that a shipowner cannot, in the home business, take produce from the West Coast of America to France or to Germany or to England at any different rate—that the rate to Hamburg must be the same as the rate to London, and that the Lines must all take the one rate to London, the one rate to Germany, and the one rate to the Continent. We will not have competition as between the Continent and here.

20723. (*Chairman.*) I do not quite understand that; you might explain it a little more?—I will; there is quite a point in it. Take an article, say it is copper, or wool, or anything you like; you would fix a rate to London which all the Lines in the Conference have to charge, and you would fix a rate to Hamburg which all the Lines have to charge, and to the Continent, that is, to Antwerp or to one of the French ports. It used to be the practice that Hamburg would say, "We want a lower rate for Hamburg "for this particular produce; you are quite at liberty "to send your cargo boat in with this produce at that "rate, but we want a lower rate for Hamburg." We now say, "No; we will have the rate for Germany "the same as the rate for England, in order that so "far as the freight is concerned we shall protect the "trade in this country."

20724. (*Sir Alfred Bateman.*) How do you proceed as regards the rates on the goods sent from the interior of Germany?—Going outwards we do not have

any through rates on rail at all. We say that the rate from the port of shipment is to be the same, whether it is from Hamburg or from London or from Havre—the rate is to be the same from all those and for all the companies to the West Coast.

20725. Cannot a German manufacturer get through rates from Dusseldorf, say?—No, he cannot, without breaking our Conference. A member of our Conference dare not give it under a penalty.

20726. Your German ally cannot give it?—No; he would be penalised in double the freight if he did.

20727. Have you had any cases lately?—No; we have had no case at all.

20728. Then you think the German manufacturer pays a separate railway rate, whatever it is, to the port of Hamburg?—Yes.

20729. He cannot get a through rate?—No.

20730. I see that in your Notice to Shippers you speak of the rebate being given to those who "have been "in no way interested directly or indirectly either as "principals or agents in shipments by any other "steamer from the United Kingdom or from the Con-"tinent between Hamburg and Bordeaux (both in-"clusive) to the ports on the West Coast of South "America." So you penalise an agent who, at the request of a client, sends goods by another Line of steamers?—Yes.

20731. You have found it necessary to do that?—Yes.

20732. If even 99 out of 100 of his shipments go by the Conference and one goes by an outside Line, he would lose all his rebates?—He would, unless he gave us a satisfactory explanation. There have been special circumstances where an agent has come to us and said he had certain instructions, and asked us for permission. In such a case we have passed it over. We are fairly broad-minded in these matters.

20733. I suppose at the ports that your boats do not go from, you would allow a shipper to ship by another Line; or would you make him send to the nearest port; or would you send to any port?—He must send it to our ports; but if it was a large quantity, we would send a ship to the port for it.

20734. What would you do in the case of a moderate or small quantity?—We have sent boats, for instance, to Middlesbrough. That is not a port of departure for any of our companies, but we have had contracts there, and we have sent our steamer there to take a cargo.

20735. I take it from you that you are always on the look out to keep trade from going away from this country?—Yes; but I would rather speak to you about that *in camerâ*.

20736. (*Professor Gonner.*) I want to see how your system works out. Supposing, we will say, some goods are coming from Middlesbrough, and there is not enough for you to send a boat round for them, then I suppose the Middlesbrough people would have to send to Liverpool, would they not?—No. We arrange for a coaster to bring them round. By arrangement with the Conference members, we send a coasting boat in and bring them round.

20737. Then you would give what is equivalent to a transhipment rate from Middlesbrough, would you?—Only by arrangement with our colleagues. We could not make a contract of that kind without going to the Conference with it. It is by an arrangement under the Conference that we coast the cargo round and tranship.

20738. What would be the freight? That is what I am anxious to get at. In that case, would it be the same as the freight from Liverpool?—Very often it would be less, because it would be a large quantity in the market, and it might go by outside tonnage. As a rule, a big contract like that belongs to someone who is not affected by our rebate system at all; he can charter outside tonnage for it, and, therefore, we are in the position of competing for it.

20739. You would have to go to the Conference and say, "We have got a special offer of goods, and we "can take it if we can give such and such prices," I suppose?—Yes. We get permission to quote rates. We should have a Conference meeting at once.

20740. I am taking the case of a manufacturer who lives near Middlesbrough and who is not giving you a very large quantity. He would have to send his goods, I suppose, to the nearest port of shipment?—Yes.

20741. Does he have to pay his railway rate?—Yes, certainly.

20742. So that to a certain degree you do, as it were, penalise the person who does not produce near your port of shipment?—No, we do not penalise him. He penalises himself. He can live near the port if he wants to.

20743. An iron manufacturer might not find it any good, perhaps. But let us take this case: Supposing he had opportunities offered him by outside Lines to ship from a nearer port, he would have to lose those opportunities if he was under a rebate obligation with you, would he?—I do not see it at all.

20744. Would he not, then?—No. He can easily come to the Conference and explain his position, and the Conference will consider his position, and if it is a position in which they ought to fight against an outside company, they will do so. It is elastic.

20745. Let us say that, except by special consideration, so far as the wording of your arrangement goes, he would be in a worse position than someone living near the port?—Naturally; a man who lives further away from the ports must be.

20746. He would not be able to avail himself of outside ships which would come to the nearest port, unless by your permission?—That is so.

20747. In the homeward trades, supposing someone wants to send goods to a French port at which you do not call, do you give a transhipment rate?—No.

20748. Then, what would happen; would you mind telling us?—For instance, we bring nitrate for Havre, sometimes; we would go in direct to the port if there was sufficient inducement, but, otherwise, we leave it to our Continental friends—we leave it to the Germans, or we leave it to Lamport and Holt, who send it to the Continent.

20749. I am not talking of ports which are not served by the Conference; I suppose there are some ports which are not served by the Conference?—We consider they are all our ports—any port where a ship can go into is our port, and if there is a line of cargo we will take our cargo boats to it.

20750. You do not give transhipment?—No, we do not.

20751. Some Lines do, I believe?—It is not necessary with ours, because the ship can make use of the ports.

20752. So that you have not found it necessary?—No.

20753. You do not find that a person with a small quantity of goods is injured?—No, not at all—not in our trade.

20754. Not in your particular trade?—No.

20755. But you can conceive circumstances in which it might be a serious matter?—I would rather not speak for other trades.

20756. What you would say is, that you have had to develop a system to meet these difficulties?—Yes, certainly.

20757. Your rebate system began, I think, in 1904?—Yes.

20758. Before you had a rebate system, how did you control your shippers? Did you have contracts with them?—We often had contracts; but the shippers were not very much under control, because we were working at very low rates. It was the low rates that attracted the shippers.

20759. Practically, you mean to say?—We had a sort of fight going on—a tacit fight.

20760. But there was no danger of their going to other people, the rates were so very low during that period?—There was not the attraction for outside shipowners.

20761. The outside shipowners did not come into the trade?—No.

20762. So far as you had contract systems, did you find them satisfactory?—Yes.

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20763. Does the contract system, or a system of trade in which contracts are customary, benefit the large shipper or the small shipper?—The large shipper, naturally.

20764. You make contracts, I suppose, with the large shipper, and the small shipper must just take what comes?—Certainly.

20765. So you would consider that of the two systems the rebate system offers a greater advantage and is more flexible?—I do not think the contract system compares at all with it. The contract system is open to abuse in many ways.

20766. How?—I can tell you *in camerâ* of some ways in which the contract system is open to abuse.

20767. Then with regard to the Lines in your Conference; do you go through the Straits always, both ways?—Yes; but then, you see, we have a business viâ the Isthmus of Panama as well. All our steamers go through the Straits of Magellan, excepting the West Coast Line, which never comes home—it stays over there.

20768. Do the sailing vessels all go through the Straits?—They go round the Horn. Now and again a sailer gets a tow through the Straits, but that is an exceptional circumstance.

20769. They can only go through by being towed, can they?—That is all; it would be very dangerous to sail through the Straits.

20770. Have you got a Conference agreement?—Yes.

20771. Does that Conference agreement, could you tell us, arrange a system of sailings between the various parties?—No; it leaves us free to have as many sailings as we like.

20772. Practically no one is tied?—No one is tied as to sailings, and we can put on as many steamers as we like.

20773. It is not like some of the systems, in which there is an attempt to organise the trade?—No. Every man in our Conference is free to put as many steamers as he likes into the trade; the only thing that stops it is the amount of traffic. That is the controlling point—there must be traffic.

20774. There is no system of pooling in the trade, is there?—No, there is no pooling.

20775. It is merely an agreement then, we may take it, to maintain rates?—That is so.

20776. Laying down, so far as you know, an absolute uniformity between this side and the West Coast?—That is so.

20777. And only that?—We want to keep the Continental countries and this country on a like basis. It is the same homewards. We also control the rates viâ New York and the Isthmus of Panama. So we are all working on the same lines.

20778. And that is the only purport of the agreement?—That is so—and to prevent the incoming of competition.

20779. I do not know whether this Conference has been asked to put in the agreement?—You asked us to do so, but we had to decline, because of our foreign colleagues.

20780. Personally, you do not feel that there is anything to prevent it?—There is nothing objectionable in it, and if the Chairman wants to read our agreement. he may do so, with pleasure.

20781. You do not at all object to that?—No, not at all.

20782. Could you tell us what in your opinion has been the result of the Conference system upon the size of your boats?—Having this guarantee, we are enabled to build a better type of boat than we would otherwise build. We build a faster boat and a larger boat, and our tonnage has gone up considerably.

20783. Tonnage of various sizes?—Yes. Any of our Straits steamers, taking them 10 or 15 years ago or 20 years ago, did not average over 4,000 tons; we are now building a steamer of 11,000, which we could not possibly contemplate if we had not some guarantee that our traffic and trade were likely to continue. It is the rebate system which gives us that guarantee, because we have the shippers tied to us; and it is a benefit to them, because they get lower rates of insurance, they get greater security in the carriage of their goods, and they get quicker delivery.

20784. Is carriage by a large steamer taking it as a whole, more economical than carriage by a smaller steamer? Do you think it has led to what you might call economy in the cost of transport?—Yes, it is more economical as a whole, because you do not require to augment your crew in anything like the ratio.

20785. So you consider that practically, owing in part at any rate to the Conference system, you have been able to develop a system which, in addition to other advantages, such as regularity, might enable you to give lower rates?—Yes.

20786. By its inherent economies?—Yes.

20787. (*Mr. Maddison.*) Are rates lower, do you think, now than in the days before the Conference?—Yes, a great deal—not immediately before the Conference, because then we were fighting some of the companies that have come into the Conference. Prior to that we had, as I say, 80*s.* for fine goods and 40*s.* for rough goods, and now the rate is to Valparaiso 55*s.* for fine goods, and for common goods 25*s.*

20788. I suppose the improvement in the mechanical appliances and all the rest of it, would bring down the rates somewhat?—Naturally.

20789. Apart from the Conference system altogether?—Yes, naturally.

20790. (*Chairman.*) You have handed in a table of freights, and from that I find that the rate from 1894 to 1898 for first-class goods was 36*s.* 9*d.*?—Yes.

20791. And now it is 55*s.*?—Yes. That is one of the benefits of the Conference.

20792. (*Mr. Maddison.*) You say that is one of the benefits of the Conference?—Yes. But there are other reasons for putting up rates besides the natural result of combination. One reason for putting up rates is that our expenses frequently go up very largely and without notice. Take the coal rate, for instance, for last year. We are paying 50 per cent. more for our coal now; that is one item alone in our stores, and that is an item which affects our freight.

20793. But all these rates seem progressive from 1894; coal has not always been dear, I suppose?—No, coal has not always been dear; but those rates were on an improper level. They were rather fighting rates, and there was no living in that business.

20794. It does not appear whether they were living rates or not. I certainly put my question wrong—I got the wrong information, at any rate, in my own mind—in fact, the Chairman called my attention to it. Rates have increased under the Conference system?—They have. But the fact that the Conference has existed has not been the only reason that has increased the rate. The Conference has enabled us to put up rates when there were circumstances calling for the increase; but rates go up and go down from time to time; for instance, during the last week in Paris a number of reductions have been made in the rates.

20795. But take these rates as they stand here—36*s.* 9*d.*, 38*s.* 6*d.*, 44*s.*, 48*s.*, 44*s.*, then there is a rise to 50*s.* and then to 55*s.*—all the movements, with one exception, are upward?—Yes. I should like to see it go up to 80*s.*

20796. Do you think the shippers would?—80*s.* on fine goods does not affect the shippers one iota. They do better business when they have got high freights than when they have got very low freights, as a rule.

20797. How is that?—I cannot give you the exact reason for it, but I know, as a matter of fact, that when freights are high the merchant, as a rule, does better business. He can make more profit with a high freight. Whether it gives him a reason for charging more or not, I do not know; but he can make more money on a high freight than he does on a low freight.

20798. Then, you will suggest that, at least, one simple way of improving British trade would be to increase freight rates?—No, I do not suggest that.

20799. But you say that he does better trade on high freights?—I say, that I know, as a matter of fact, in some cases it means better trade to the merchant.

20800. You do not seriously tell us, do you, that it is really good for British trade that freight rates

should be high?—I say that it is good for British trade that the freight rate should be on a paying basis to the shipowner, otherwise you will not have any carriers.

20801. You can conceive, can you, of a situation where there would be no carriers?—Certainly.

20802. It requires a little imagination, which I do not possess?—I can give you a case or two where we have never quite been out of pocket, but we might have been out of pocket a long way.

20803. I can believe that?—You cannot go on for ever at that rate, you know.

20804. That is what is always in my mind—that you cannot go on for ever. The mystery to me is, that you go on so long as you do. I have a great opinion of the vitality of British shipping?—It is the poor shareholders, sometimes.

20805. The really important point here is, that, in reply to my first question, I understood you to say that the rates had fallen under the Conference system?—No. The rates lately have been put down. The rates are controlled by the Conference, but since the Conference has been established, we have never got back to the rates that we had before we had the Conference.

20806. Just look at your table again. That shows that the freights before the rebate system was introduced were considerably lower than the freights after the rebate system was introduced?—Yes, that is so.

20807. Take the freights before the rebate system was introduced; were they paying rates or not—were you carrying then at a loss?—We did not consider they were paying rates.

20808. Was it the rebate system which enabled you to raise the rates?—Yes; the element of competition being got rid of.

20809. (*Mr. Owen Philipps.*) Prior to when the Conference was formed, in 1893, had you not been having a freight war?—Yes.

20810. Is that not the reason why the rates were so low at first?—Yes, it is.

20811. (*Sir Alfred Bateman.*) Had you had a freight war for 10 years?—We have got the rates here from 1894.

20812. (*Mr. Owen Philipps.*) Could you give the members of the Commission figures as to what the rates had been 10 years before 1884?—No, I could not at this moment, except that I know the fine-goods rate 20 years ago, when I joined the Company, was 80*s.*

20813. That is in 1888?—Yes.

20814. Between 1888 and 1894 there had been a freight war, and it had fallen from 80*s.*?—Yes.

20815. (*Chairman.*) When did the freight war begin, and when did it come to an end?—It lasted for about two years, speaking from memory, and it came to an end in 1894, when the Conference was formed.

20816. (*Mr. Owen Philipps.*) March, 1893, you say in your *précis*?—The Conference of the English Lines was established on March 29th, 1893, and lasted until September 30th, 1904, no rebates being paid during that period. The full West Coast Conference of English and German Lines, charging identical rates, was not established until October 1st, 1904, and it was prior to March 29th, 1893, that we had the fight.

20817. Am I correct in assuming that from the year 1888 to about 1891 the rate for fine goods to the West Coast was about 80*s.*?—I should not like to say exactly, without reference to the books.

20818. Would you send in a table giving that information?—As far as we can collect it, we will furnish the information. My present information is that that rate came down somewhat gradually from the 80*s.*, owing to threatened opposition; the opposition came, and then there was a fight, and we got down to a very low basis.

20819. (*Mr. Maddison.*) I suppose, as a matter of fact, the very excessive rates you were charging was the cause of the fight, was it not?—No, but it was an inducement to another Line to come in.

20820. That is exactly what I mean?—They thought there was money in the business, naturally.

20821. They were rather justified by events, were they not?—I do not think so. They say they are not making any money in the business now.

20822. You began your Conference after the war with these first-class goods at 36*s.* 9*d.*, and you made that rate pay?—We did not make it pay. We have other means of revenue besides our freights. We do not consider that 36*s.* 9*d.* to the West Coast of South America on fine goods is a paying rate at all, and it is not a proper rate on the value of the goods.

20823. Then you got to 48*s.* in 1903?—I am still of opinion that they are too low, but we cannot put them up, for various reasons.

20824. I suppose your idea of what the rate should be would be a fairly high one?—Not too high. I like high rates to a certain extent, but I will not have a high rate which will induce a competitor to come into the business.

20825. Exactly?—Our rate is controlled by sailing vessels. We allow all our shippers to ship by sailing vessels, and the Germans have a system whereby there is a large number of sailing vessels on the berth from Hamburg, which keeps our rate down all through.

20826. A Commissioner, Professor Gonner, put one or two questions to you as to the ability to carry goods cheaper through better steamers——?—Larger steamers.

20827. Yes; and you were good enough to explain that to him. You have not exercised that ability to the full with these rates, I suppose, yet?—Of course 36*s.* 9*d.* with a steamer that carries 8,000 tons is better than 36*s.* 9*d.* with a steamer that will only carry 4,000 tons, because the expenses of the two do not go up in the same ratio.

20828. The ability to carry cheap has not yet got into your rates then?—We consider this is very cheap.

20829. Not as compared with what you were doing—but I will not carry it further?—It is a six weeks' voyage.

20830. So it was in 1894; the distance has not altered?—The distance has not altered, but these rates had been forced upon us and our trade is not a paying trade.

20831. Will you explain what you meant a moment ago when you said that your profit-making capacity was not dependent on rates?—We are a passenger Line, and we get a subsidy from the Government in that way. We frequently make profits in other ways; for instance, we have large coal depôts on the West Coast for our own steamers, and occasionally we have had a contract with the Admiralty or some one else to supply them with coal; we make a little money in that way sometimes. In that way we have been able to pay a 5 per cent. dividend, but that is all we have been able to pay, and there is scarcely one of our English competitors who has been able to come up to that. I do not think that that is a rosy dividend in any event, especially in a precarious business like shipping.

20832. (*Chairman.*) Can you tell me what dividend you paid between 1894 and 1904?—We paid in 1894, 2 per cent., and then the greatest amount after that was 5 per cent.

20833. That is up to 1904?—I will take it, if you like, from 1890. In 1890 we paid 3 3-5ths per cent., in 1891 4 per cent., in 1892 nothing, in 1893 2 per cent., in 1894 2 per cent., and after that on the average we have been able to pay 5 per cent.

20834. Up to 1904?—Yes; that is when we began to get the rates up.

20835. What have you paid after 1904?—In 1905 we paid 5 per cent., in 1906 5 per cent., and 1 per cent. bonus, which was special, arising from a sail of steamers, and in 1907 5 per cent.

20836. What strikes me as somewhat curious is that, although you raised considerably the rates of freight from 1904 to 1907, you did not pay a larger dividend to the shareholders?—That is so; but do you not see that there are many fortuitous circumstances in the shipping trade; for instance, take last year's expenses—one item alone cost us £150,000 more than in the previous year, without any extra work. You have got to provide for that—and that is only taking one item.

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20837. You must remember I only want to get the facts now?—And I only want to make it quite clear to you.

20838. (*Mr. Owen Philipps.*) Has the time taken in discharging at the West Coast ports had any material affect in the last three or four years?—I think that is a very pertinent question. We have had steamers on the West Coast that should have taken three months over the voyage, and they have taken seven or eight months; so you can imagine where our money has gone.

20839. (*Professor Gonner.*) Why is that?—Because we cannot discharge at the ports. The whole of the ports are blocked up, they cannot take an ounce of cargo, and while the ship is staying there, we are running other risks; in fact, we have had a recent case where we have been boarded by pirates and the cargo looted. We are subject to all manner of claims, and really the life of a shipowner on the West Coast of South America is not worth living.

20840. (*Mr. Owen Philipps.*) Is it the case that to meet this you have had to send out an enormous number of lighters in the last three or four years?—Yes. We spent £50,000 in lighters last year. That is a very pertinent question.

20841. (*Mr. Maddison.*) You have stated that you think the Conference system favours the small shipper?—Yes; it does.

20842. You told us about that shipper at Middlesbrough that you were very glad to run after?—No, he ran after us.

20843. I thought you took the ship round?—We took the ship round because that was the arrangement, but he was very glad to make a contract with us, because we gave him better terms than anybody else, and we could find him the tonnage when he wanted it.

20844. Did he charter the whole ship?—No, he chartered for so many thousand tons of cargo.

20845. Then, he gets a better advantage than a small man?—No.

20846. He does not, do you say?—He does not.

20847. You would not charge the small man exactly the same rate per ton, would you?—If he had come with the same article in the same quantity, certainly.

20848. But how could he be a small man if he came with the same quantity—I am talking of a small shipper, recollect?—There are certain articles in which small shippers can deal; in those articles there is no one who makes a contract for a thousand tons. There are no large shippers in those articles except over a period, and we do not make contracts over a period of three months, unless it is for a special parcel of iron, or railway waggons, or something of that kind, in which a small man would not be concerned.

20849. Is it not true that in some cases, at least, there is a difference made in favour of the large shipper, the man who can ship the bigger amount of stuff?—There is; but if I say so unqualified, I give you a wrong impression. I wish I could give you a special case. A small shipper could not be concerned at all in these cases. It is one of the bases of our contract, that we protect the small man; we do not wish to protect the large man, but we want the small man to be protected.

20850. I suppose, as a matter of fact, the large man does not need your protection, does he?—The large man is always able, if he falls out with us, to put on a whole sailing vessel.

20851. Why do you make exceptions in favour of sailing vessels?—Because we want to be fair to our clients, and we do not wish to appear in our Conference to be putting pressure on our clients in the matter of rates. We charge what we believe to be a fair rate, and we try to get it on a living basis. If a merchant comes to us and he has got enough to fill a sailing vessel, and time is no object to him, he can engage the vessel himself and send it out in that way, and we do not raise any question about it.

20852. You differ in that respect from some other Lines?—Not from the Lines in our Conference.

20853. From some other Conferences, I should say?—Yes; I think in some other Conferences they do not allow the same freedom.

20854. With respect to what you call your Conference ports, how many have you in England?—All English ports belong to the English Lines, but we sail from certain ports.

20855. That is what I mean?—We sail from Liverpool, and Lamport and Holt and the Gulf Line sail from Liverpool; we also sail from Glasgow, and so do Lamport and Holt and the Gulf Line. We are at liberty to sail from any of the ports if the necessity arises, and according to the exigencies of our business.

20856. I was thinking of the man, who has already been referred to, who does not happen to live near the port that you usually sail from. That was not a big man you referred to, was it?—He was a big man.

20857. But there are those who are not big men?—Then they have to send their goods by rail or by water to the port of shipment.

20858. I suppose you would admit that to that extent it is hard on that man that he cannot take any ship that offers?—The hardship is of his own making. Any man who has business with South America, and has to compete with other people in the South American trade, looks out for a geographical position which is advantageous to his own business. If a man goes and lives 50 or 100 miles away from a port, he knows that he is handicapping that business, unless he has got some other reason that tells against the handicap. He may go alongside a coal mine, for instance, because he wants fuel, and in that way he may save as against the man who is not near a coal mine.

20859. I am suggesting a man who lives at Middlesbrough, to which your ships do not go?—But we are always prepared to go if the quantity is sufficient.

20860. I am taking the man who has not a large quantity?—How are you going to remedy his case?

20861. I am not going to offer the remedy now?—If you can tell me how you think you can remedy his case, perhaps I can give you an answer to show you that that remedy would not apply.

20862. Do you not think that, to that extent, that man does suffer by having to send his goods by rail to the nearest port where your liners come, when otherwise he might put them on a ship in the docks at Middlesbrough?—He does not suffer, because if he is in our trade, he regulates his business according to what he knows are the conditions, otherwise he ought not to be in business at all.

20863. But he may be in two trades, may he not? Surely manufacturers produce for many trades?—He may be in two or three trades, but he could not exist in our trade unless he suited himself to the circumstances. That is his look-out. We provide that no other country shall give his competitor a cheaper freight than we give him.

20864. Only you prevent him from getting the cheaper freight that might be offered by a third party's steamer?—If he has been shipping by our Lines. If he has not been shipping by our Lines, he can ship by anybody he likes—I mean if he is not entitled to any rebate.

20865. I am talking about the man who is?—Yes, quite so.

20866. (*Mr. Barry.*) I think you told a colleague just now that the rates were subject to alteration without notice?—Yes.

20867. But, as a matter of practice and policy, you do give notice?—Yes.

20868. What notice do you give, generally?—We usually issue a circular; sometimes we give a month's notice, sometimes it is less; it depends upon the circumstances.

20869. But the notice that is given of an advance does not exceed a month, you think?—No, it is about a month. There are cables to everywhere now connected with our business, and they can always cable.

20870. Do you think it a perfectly fair thing, from the shipowner's point of view, to advance rates without notice, or with very brief notice?—I do, because a shipper, if he is making a large contract for instance, always has this privilege, that he can come to the Conference and say, "I am about to compete for a "12 month's contract, and I want security as to your "rate of freight." We will make a contract for 12 months with him, and then if there is any alteration in rates during that period, it does not affect his contract.

20871. But suppose the manufacturer is conducting his business in the ordinary way, and he has no specially large shipment in view, but only has in view the ordinary and regular shipments? Allow me to put a case where the manufacturer has shipped with you for six months under those conditions, and then you claim, without notice, to raise his freight to any point which you think desirable?—A fact which he knows; he is aware of it from the start.

20872. As you claim for the shipowner the right, which you think is a fair and equitable one, to give notice at any moment, would you place the shipper in the same position and let him give notice of discontinuing his shipments, without forfeiture of his rebates?—No.

20873. Why?—Because it would sap the foundation of the present rebate system. Mind you, we, as shipowners, are in the same position—you forget that we have that same position also. We are in the same position with regard to our coal; we contract for a certain amount, and if we do not contract for all our requirements and we have to buy coal on the market, the price varies, or may vary, from day to day without any notice to us, and it may vary very materially. So that we are hurt on the one hand, and we must be ready to protect ourselves and our shareholders by being able to raise our rates to cover fortuitous circumstances of that kind.

(*Mr. Barry.*) The point of my question, if there is any point in it, is, that the shipper might fairly claim to be placed on the same conditions as the shipowner in the matter of notice.

(*Chairman.*) I think Mr. Barry is putting this to you—that the shipper is tied to you, whilst you can raise the freight to any extent you please.

20874. (*Mr. Barry.*) That is the point?—But the shipper has not got a million and a half invested in tonnage, has he?

20875. No, but he has as much invested in his business that proportionately is as great as the shipowner's million and a half?—I do not think so.

20876. I would like to press this point, if I am not unduly pressing it. If it is fair and equitable on the part of the shipowner, when, through an advance in the price of coal or other circumstances, he protects himself by advancing the rate of freight, do you not think it is perfectly fair for the shipper to ask that he shall be able to give notice of discontinuing his shipments without being penalised by the loss of his rebates?—No, I do not; because then the rebate system has no effect. You see, if you had a condition of the kind you name, we might as well do away with the rebate system altogether, because the moment a tramp or any man came on the berth who could offer better terms, all the shippers would find it expedient to give us the notice and they would not lose our rebate, but we should lose our protective measure; they would ship at once by the outside boat without loss.

20877. I think you were in the room this morning when Sir Thomas Sutherland gave his evidence, and stated that the rebate system was a matter of mutual advantage to shipper and shipowner?—Yes, and it is. It is a great advantage to the shipper, because he gets his regularity of sailing which he could not get otherwise; he gets a better class of ship and easier insurance, and he is enabled to make contracts for a long period through the existence of our Lines, knowing that he will always have sufficient tonnage on the berth. If he wants to cover his position with regard to his freights, all he has to do is to come to the Conference and make a contract over a fixed period, which we are always open to do.

20878. Then it comes to this, that the shipper is absolutely in your hands?—No; he can ship by a sailing vessel if he likes.

20879. That is, I should think, in a great many cases, of no value?—They often do.

20880. In some trades?—Time is no object with some of our people on the West Coast, occasionally. For instance, anybody shipping out to the West Coast now, knows he would not be able to sell his goods under 12 months, so he does not care how long the sailing boat takes on the voyage; she can take six months or nine months, and all the time she is a warehouse for his goods, and he saving warehouse charges. Therefore, he ships by a sailer.

20881. At any rate, from your point of view, you would not give the shipper the same privilege that you claim for the shipowner in the matter of notice?—Because the circumstances are not alike.

20882. I suppose the advance in freight which was made in July last year was, in the main, owing to the very high price of coal?—That is so.

20883. Coal, I think, is down at present to something very near its normal level?—We have contracts over a period you know; and there are other reasons besides the coal. One of the great reasons why we increased our freights was the delay on the West Coast at the various ports. The whole of the ports are blocked up. If you take Valparaiso, if you take Antofagasta, if you take Iquique, if you take Taltal, if you take Coquimbo, or if you take Callao, you will find that all those ports are blocked up. The people would not take delivery of their goods, the custom house is blocked, the quays are blocked, the lighters are blocked, and when the steamer comes in she cannot get discharged, and instead of her taking three months on the voyage it takes her seven or eight months.

20884. I suppose at all periods conditions of that kind exist?—No.

20885. Did they not occur away back in 1894?—These periods come in spasmodically. The country gets short of money, the man up the country will not buy, and the man who has shipped the goods out will not take delivery at the port because he does not wish to part with the dues. So the goods remain either in the lighter or on the quay or in the custom house, and the whole business is blocked, and steamers are there and they cannot get rid of their stuff, and we cannot put steamers into the port except by getting our freights up, otherwise we cannot recover those expenses in any shape or form.

20886. Take your own figures?—Yes, but these figures are all very much subject to a large number of circumstances. If you read the major portion of my statement, you will see that our trade is a very unusual trade. We suffer from earthquakes, and we suffer from God knows what—from strikes, blocks of ports, and all manner of disturbances; and we have even pirates on the West Coast.

20887. I want you to confine your attention for the moment to the statement you made just now, that one of the elements in the cost last year amounted to an excess of £150,000; that was the additional cost of the coal?—Yes. That is only one item.

20888. And a very considerable one?—Yes.

20889. It probably was the main element in causing the advance of freights?—No, it was not.

20890. Had you larger items than that?—We put a big increase on Antofagasta, Valparaiso, Taltal, and Callao, because we could not get rid of our goods.

20891. May shippers have the hope that when coal reaches its normal level, freights will be adjusted again and reduced?—Freights adjust themselves naturally. We have always an element of competition in our trade. We have the competition from the United States, which you forget altogether. We have to conserve our trade. We do not want all the trade from this country to be taken away to Germany or to France or to the United States; and therefore we are forced to keep our rates down at a level which will induce business to come to and go from here; otherwise we go out of existence. That is one of the elements which control our rates. We always have the element of the sailing ship competition besides.

20892. I can quite understand that, which is a general business proposition; but the rates which you have handed in show consistent advances from the period of 1894 down to the present?—With one exception.

20893. Would you allow me to refer for a moment to the figures from 1900 to 1903—that was during a period of war time. I suppose there was considerable pressure upon British tonnage, and it was natural and inevitable that freights would go up. I see they went up very considerably; they went up from

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38*s.* 6*d.* to 44*s.* in the first class, from 33*s.* to 38*s.* 6*d.* in the second class, from 24*s.* 9*d.* to 30*s.* 3*d.* in the third class, and from 19*s.* 2*d.* to 24*s.* 9*d.* in the fourth class. That was in war time, when, as everybody who has any knowledge of the facts, I suppose, knows, rates will be high; what I fail to understand quite now is that the rates have gone up 25 per cent. above the war rates of 1900-03?—The war rates did not affect our trade.

20894. Did not the general employment of tonnage affect every trade?—It did not affect our trade. We had to run our passenger Line and mail Line, and we had to carry the mails. We could not divert our mail ships. We certainly chartered boats to the Government, but our trade was not affected—it was carried on in the regular way.

20895. On the existence of a general demand for tonnage in 1900, rates jumped up from 38*s.* 6*d.* to 44*s.*?—War was not considered in that.

20896. And war had nothing to do with it?—No.

20897. Nothing whatever?—No.

20898. It was a remarkable coincidence, then?—Yes; but war had nothing whatever to do with it.

20899. Taking the rates of that day, when they reached 44*s.*, they have gone up 25 per cent. above that to 55*s.*?—Yes, and that is a very low rate.

20900. Do you not think there is some justification for a feeling of unrest among shippers to see a consistent advance in rates?—No. Our shippers are all satisfied, and you have had no complaint from our shippers.

20901. It is a little difficult for the shippers to complain?—They do not complain. If they come forward to us with a complaint we at once consider it, and if there is any ground for a reduction in rates we make it. We do not try to squeeze the last penny out of our shippers; it would be inimical to our own business to try to do any such thing.

20902. They must be rather a complacent class of people to be satisfied with persistent and steady changes, always in the upward direction. There is one very important statement I would like to draw your attention to for a moment, and that is that under the West Coast Conference system, through rates are not granted from inland towns either in the United Kingdom or on the Continent?—That is so.

20903. We have had a good deal of evidence before this Commission showing the disadvantage which British merchants and manufacturers are placed under through the inland rates from Germany; do you know of any reason why this understanding which exists in the West Coast Conference should not be applied to other Conferences?—No. I think we have struck the right thing there; it is a port to port rate.

20904. I quite agree. You do not know of any reason why it should not be applied to other Conferences?—No.

20905. I think you said, in answer to a question from Sir Alfred Bateman, that under the rebate system trade was often pioneered and opened up?—Yes.

20906. Then when the trade was established, some tramp, which had had no share in the opening up of the trade, came in and cut rates which you felt was a great hardship to the Conference owners?—Yes; I would feel it a very great hardship.

20907. Will you allow me to put a different case—from the manufacturer's point of view? Suppose a manufacturer devotes his capital and his energy to opening up some new trade; he does that with a certain rate of freight by a Conference Line, and with a bare profit to himself; then, without notice or with very brief notice the rate of freight is advanced 10 per cent or 20 per cent., thus taking away the profit from the trade which he has created. Do you not think that is a great hardship?—I find that the manufacturer knows how to protect himself, as well as the steam shipowner. I buy thousands of blankets for my Company, and I often cannot get them from the manufacturer; I have to get them through the middleman and to pay the middleman's price.

20908. Might I say that two blacks do not make a white?—That is true; but I say this, that the man who goes to a large expenditure and works up a trade is quite justified in trying to prevent that trade and the benefits of his labour from going into other hands. I do not quarrel with the manufacturer because he will not sell me his blankets; but it is a fact that I buy his blankets through the middleman, although I ship the manufacturer's goods direct.

20909. If you will allow me to say so, I cannot see that that has any special bearing on my question. I stated the case in the first instance of the shipowner who goes to a place where there is a little aggregation of huts, and opens up a trade at his own risk and his own cost, and when he has developed the trade a tramp comes in and undercuts him; that you consider a great hardship?—Yes.

20910. Then I put what was to my mind a precisely similar case?—Yes, and I followed it.

20911. In this matter I know a little what I am talking about. A manufacturer will open up a trade at a considerable loss to himself on a certain rate of freight, and when he has opened up that trade and invested his capital, down comes the shipowner and advances his freight 10 per cent. or 20 per cent.; but you do not consider that a hardship?—No, I do not, because the trade would not have existed but for the shipowner. All that trade has been made for him by the shipowner, and surely the shipowner is entitled to make a little out of it.

20912. I am afraid that the respective points of view of the shipowner and the manufacturer are irreconcilable?—I think if I built up a trade for you, you would consider that I was entitled to make something out of it, would you not? You would not like me to go to a great risk to find a special trade for your special business, and then when you had a chance of undercutting me and driving me away, that you should do that? I would not consider that proper.

20913. It is the very opposite that happens; it is the shipowner who comes in and advances the rates?—No. He has built up the trade at a loss, and he is putting the rates on a paying basis when he has built up his trade.

20914. I am putting the case that the manufacturer has built up the trade?—Well, he has a right to protect himself.

20915. He can only protect himself by forfeiting his rebates?—He could do it without that in our trade; he could ship by a sailer.

20916. Is it fair to conclude that you consider that competition is a bad thing for British shipping interests?—Within certain lines I do.

20917. I will put it in another way; you think it a good thing to eliminate competition?—Yes, I do.

20918. And the end and the object of the rebate system is to eliminate competition?—To a certain extent it is so; but we give our people freedom in certain circumstances. If a man thinks that we are charging him an unfair freight, we give him the option of shipping by another class of vessel, and that other class of vessel is always a deterrent to us against putting our rates up. It keeps our rates down. We always allow anyone who wishes it to go past us in that way. If the manufacturer, to protect his interests over a period, comes to the Conference and says, "I want to make a contract; I want to build up "a trade," or to do anything else, we are always prepared to meet him in a fair way. We could not exist otherwise. You know what would happen if the circumstances of which you speak were to occur; the shippers would put their heads together and put on a Line of their own.

20919. That is extremely difficult?—No; it has happened.

20920. (*Chairman.*) It is also in your interests that the trade should not be destroyed?—Certainly; we must preserve the trade.

20921. (*Mr. Barry.*) In the event of a set of circumstances such as I referred to just now arising, where a manufacturer is called upon abruptly or at short notice to increase his freights, would you have any objection to a dispute of that kind being referred to arbitration?—Yes, certainly.

20922. You are to be the judge yourself, then?—I would not ask the merchant to allow me to arbitrate about the price at which he sells me his article. You cannot go to your manufacturer and say, "I do not "think your price is a good one; let us have an

"arbitrator to see how much profit you are making "out of it." We are in the same position. We are dealing in trade, and we cannot allow any other arbitrator to come in; we are the arbitrator, or the circumstances that surround us are the arbitrators. We are forced by natural circumstances to keep our rates within a certain compass; otherwise we work against our own interests. That is the only arbitrator possible.

20923. Does it come to this, that the whole structure of British commerce is at the disposal of the intelligence and goodwill of the shipowners?—No; because the shippers can always combine against the shipowners at any time; that is to say, if the shipowners were spoiling trade, the shippers would naturally come together and form other Lines. That would be the natural outcome of anything of that kind.

20924. From the answer you gave me just now I inferred that you consider that the shipper had no case—that the decision of the shipowner was right, and that there was no case even to arbitrate upon?—I maintain that so far as our Conference is concerned there is no case for arbitration, and I would object to an arbitrator in any event. I say if the position were such as you picture, where the shippers were all being oppressed, they could find their natural relief by forming a Line of their own, which they have done in the past.

20925. I was speaking of a particular shipper being oppressed; I can quite understand if the entire body of shippers were oppressed, there would be some action taken; but occasionally a shipper, or half-a-dozen or twenty shippers, might feel aggrieved?—We do not exist to spoil trade.

20926. Not intentionally, perhaps; but what you do may have that effect?—We are alive to where the trade is. Don't you make any mistake about that. We are following the trade of this country all over our provinces where we are doing business, and we know where one country gets a slight advantage over us, and we are on the trail of that, to keep that trade in our own country, because it is our very living. We should go out of existence if we did not follow it.

20927. (*Mr. Sanderson.*) Have you with you any statistics as to the growth or decline of these commodities marked "first-class" since the formation of the Conference; and can you tell us whether they have gone up or gone down in quantity?—The West Coast trade has advanced considerably.

20928. The shipments have increased?—Yes; though the advance on the West Coast does not compare at all with the advance on the East Coast. On the West Coast the advance has been comparatively slow because there has not been much immigration.

20929. Has there been any set-back in the last few years?—Yes, there has been a great set-back lately. They over-bought themselves, and there has been a tremendous falling-off.

20930. Have you heard any complaints from your customers as regards these rates of freight?—No special complaints; of course, shippers will always say freights are too high.

20931. They would not be human if they did not?—Naturally. If I were a shipper, I would always consider them too high.

20932. I should like to deal with this case you cited from Middlesbrough. Can you tell the Commission of any case where a shipper has come to you with the information that he can ship by an outside steamer from Middlesbrough, and you have declined to send your ship in there?—No. We are always prepared to send our steamers into any port where our steamers can go, if the quantity is sufficient; or we will arrange to bring it round by coaster and to tranship.

20933. Having in mind the difficulties that you have told the Commission about with reference to discharging, is it at all probable that tramp steamers would compete with the liners in your trade?—They do sometimes, but they are not in our trade much.

20934. (*Sir John Macdonell.*) Do any vessels from New York, or other ports in the United States, call at the ports in South America to which your vessels go?—Yes.

20935. Do they call at the greater part of the ports which your vessels visit?—Yes, all over the coast.

20936. These vessels coming from New York call regularly at these ports?—Yes.

20937. What sort of vessels are they?—They are large cargo-carrying vessels, belonging to the Grace Line and Brown, Beeche & Co. Grace Brothers and Co. run a Line from New York to the West Coast of South America, and Brown, Beeche & Co., or Beeche, Duval & Co., run a Line of large steamers.

20938. They are, then, large steamers?—Certainly.

20939. As large as your vessels?—They are from 5,000 to 6,000 tons, I should say, speaking off the book.

20940. And these vessels go regularly to the various ports?—A great many of them do.

20941. They do not enjoy the benefit of the rebate system, do they?—No, but they do something much worse for the shippers.

20942. It may be very much worse, but, there is no rebate system so far as they are concerned?—There is no rebate system.

20943. I want to get your full answer; I invite you to state the system under which they work, which you think is disadvantageous?—So far as we are concerned, the system is not disadvantageous to us shipowners, as they have come under an agreement with us to charge the same rates. To the shipper their system is much worse.

20944. Will you explain that, please?—Because they act as merchants. They fill their ship, practically, with the merchants' commodities, and sell them on the West Coast in opposition to the merchants. In that way they can count so much or so little for the freight as they like. I mean, they have always got the freight in their own pocket in dealing with their goods.

20945. Is that the disadvantage which you speak of?—Yes, that is the disadvantage to the shipper. They take outside goods as well, but the bulk of the cargoes consist of their own produce.

20946. I understand that you state, I am sure quite accurately, that your vessels and others do not do anything of that kind?—No, except sometimes we take coal. We have to take coal out for our own requirements. It is admitted that we may take coal.

20947. But you do not bind yourselves to the shippers not to do exactly that which the American vessels do?—We are under no contract, but we would consider it a wrong step to compete with our own shippers.

20948. You would consider it a wrong step, but, in fact, you are perfectly free, under the rebate system, to do that which the American vessels do without the rebate system?—We are in fact, but we do not consider ourselves free, if you can understand what I mean. There is a sort of moral obligation, although it is not written.

20949. I perfectly understand that?—I think our shippers would come forward in a body at once if we commenced to act as merchants.

20950. You are under a moral obligation?—A moral obligation that we feel the pressure of, but which does not exist in writing.

20951. If the shipper had to invoke this moral obligation, what would be the pressure that he could bring to bear—none?—The shippers would combine in a case of that kind.

20952. You think they would combine?—Yes. The rebate is only for six months.

20953. At all events, we have two systems in the field, one the American system, the other the system which you have advocated, both visiting the same ports, both giving a regular service, both giving large vessels, the one with the rebate system and the other without; is that so?—Yes.

20954. (*Mr. Owen Philipps.*) Is it the case that the steamers which go from New York to the West Coast are to be compared with your steamers, either in power or in size?—They are large cargo boats. They are not like our passenger steamers; they are not an expensive class of boats like those.

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20955. What is their speed?—I do not think they can do more than 10 knots at the outside—the Grace boats I should put down as from 9 to 10 knots.

20956. Will they get their insurance done as cheaply as the others?—I really cannot say absolutely, but I should say, from my own experience, they would have to pay more.

20957. Is it not the case that they are practically better-class tramps? Are not a great number of them simply chartered tramps?—Some of them are chartered tramps. Brown, Beeche's boats are all chartered tramps, but the Grace boats, no.

20958. (*Sir John Macdonell.*) You do not agree with the suggestion that all of the American vessels are of the nature of tramp boats?—Not all of them, because Grace Brothers have got some of their own boats, and I have no doubt they are built a little better.

20959. When you speak of the Grace Line of steamers as cargo boats, I take it they are of a kind suitable for the purpose of the traffic?—Yes.

20960. I understood from your explanations to more than one Commissioner, that you visit a large number of ports on the west coast of South America?—Yes.

20961. There seem to be a very great many stretching from Chile, downwards?—Yes, and right up to Ecuador.

20962. Just a word of explanation about the West Coast service. Is it the same Line of steamers that go from Valparaiso to San Francisco, or is there a separate set of steamers which work the northern part of the coast?—At one time we ran right through to San Francisco, but the American coasting law killed us. We could not carry on that business and make any money, so we had to stop. Now we run only to Panama, and any cargo we take to San Francisco we tranship at Panama to the steamers of the Pacific Mail Steam Packet Co., who carry it on; that is an American company.

20963. But so far as the west coast of South America is concerned, you call at a very large number of ports?—Yes, we do.

20964. As I understand from your explanation, you call at a large number of ports at which you get very little cargo?—That is so.

20965. And at a large number of ports at which you are detained a considerable time?—That is so.

20966. And at a large number of ports in which your vessels are, to a certain extent, really used for short periods as warehouses, owing to consignees not taking delivery at once?—Yes; that is where they have no lighters.

20967. As regards this country, on the other hand, you call at three ports—Glasgow, London, and Liverpool?—Yes. We do not go regularly into London; we only go in occasionally.

20968. Does it not strike you as a little curious that while you cater for the wants of all these South American ports, at which there is very little cargo, you are not performing similar services for the ports in the United Kingdom, and that you restrict your shipments here to three?—That is an arrangement. We have built up our trade in that way, and the trade has followed those channels. The question you are touching now is rather one for the railway companies than for the shipowners. It is a railway companies' question.

20969. It may be inevitable; so far as you are concerned, you may have no power over it; but you would admit that there is a striking contrast between the services which you perform at foreign ports, catering apparently for the wants of the very smallest, and the services which you perform in the United Kingdom, confining as you do those services to only three ports?—We tranship a good, large quantity of the goods that we take out. We tranship cargo at Valparaiso, which we take out in some of our boats, and that goes into our coasting fleet, and the coasting fleet takes it to its destination.

20970. You do not charge extra for that, do you?—Occasionally we charge half-a-crown for that operation. We give them a through rate. As a rule, the cargo for the small ports goes in our cargo steamers direct.

20971. I want to get at the exact facts about it. As I understand from your advertisement, there is a very large number of South American ports to which you go regularly?—That is so.

20972. As regards these ports, there is no charge for transhipment in any circumstances?—That is so.

20973. Therefore, am I not warranted in saying that for South America there are some, shall I say, 20 or 25 ports large and small for which you cater, whereas, as far as the United Kingdom is concerned, there are only three?—Yes; but they are a different class of ports. You must remember the peculiar conditions of the west coast of South America. I am sorry that I have not got any pictures here to show you what some of the ports are like that we have to call at to get our trade in the west coast of South America.

20974. It is those conditions that I am relying upon?—It is a new country developing, and we have to develop it wherever there is an outlet for the traffic.

20975. The contrast I am bringing your mind to is that you are developing small ports in South America, and that you are not doing so as regards small ports here?—We have never had any complaint about our ports of call in this country. If there was a necessity to open up another port in this country for our business, you may depend upon it we would be there.

20976. There is one part of your statement—towards the end—I should like you to clear up a little; you have cleared up many things, and perhaps you would clear up this also. You say, "As respects preferential rates to Governments and non-trading communities, such as municipalities and large institutions, the Conference considers these justified." You do give preferential rates to the class of customers described in that paragraph?—Yes.

20977. Have you any system upon which you proceed?—It must be a non-trading community—that is the basis—a non-trading community like a municipality. They want to improve their city, and they want drain pipes, or they want something else; in those cases we have agreed in conference that we will give them special rates.

20978. You use these words which are a little ambiguous—"such as municipalities and large institutions"—what class of customers had you in mind there?—For instance, if a very large railway company came to us and they were opening up a new line, we would consider them; but it would be a mutual agreement amongst the Conference members for waggons, rails, and things of that kind. We might make a special rate there.

20979. Is every municipality in or near the ports to which you sail aware that for every shipment on their behalf a certain fixed reduction of rate may be made?—No; because it is a matter of arrangement.

20980. It is a matter of arrangement in each case?—Yes, it is.

20981. May I take it that these reductions are very frequently made?—No; they are not of frequent occurrence.

20982. What I wanted to know is whether this exception is really a very important one?—It is not as regards the West Coast. Possibly it ought not to have been put in this statement at all. What I had in my mind was that we do it on the way at Rio. I do not at the moment recollect a case where we have done it on the West Coast. It is not of frequent occurrence.

20983. (*Chairman.*) And those institutions do not compete with the merchants?—No.

20984. (*Sir John Macdonell.*) That is the principle upon which you have proceeded?—That is it.

20985. It is an intelligible one. There is, as I understand, a Conference of sailing vessels from South America; are you conversant at all with that?—No. That is really a German Conference, I think.

20986. You are not acquainted with its workings?—No. It is controlled, to a certain extent by the German companies in our Conference.

20987. Is there some agreement between your Conference and the sailing vessel Conference?—No; but I believe the German members have some sort of

understanding with them, that is in regard to the vessels from Hamburg, but what it is I do not know.

20988. So far as the rates of freight are concerned, are the rates under the same Conference?—No.

20989. But they are based on some sort of agreement?—I do not know what the agreement is.

20990. A point was put to you by Mr. Barry, and I venture to repeat it in another form. Under this rebate circular, the rebate is to be computed every six months, and it is to be payable six months afterwards?—Yes.

20991. Assume that the rate when a customer ships his first consignment is 40s., and during the first six months, after he has made certain shipments, you raise the rate, say, to 45s. or 50s.; do you think that it would be fair in those circumstances to bind him to your rebate circular exactly in the same way as if the rate of freight had remained the same?—Yes.

20992. You do think so?—Yes, because he knows—we publish the fact that we may do that.

20993. In what portion of your circular do you publish that?—We publish the fact in our tariff.

20994. It may be in the tariff, but I ask as to the circular?—All our shippers know the rule. We reserve to ourselves the liberty of raising the rates, but as I told you before, as a matter of fact, we do not raise them unless we are forced by some circumstances.

20995. Would you mind going by steps. You refer me first to the fact that in the rate-book you claim the right to raise freights?—Yes.

20996. Is that book published?—It was, but it is not now.

20997. So that, so far as the book is concerned, the fact is not known to the world?—No, but our shippers know it.

20998. Now, calling your attention to the rebate circular, is there anything in that rebate circular which expressly or by implication gives the right to raise rates?—No; there is nothing of that sort in the rebate circular.

20999. Putting it shortly, do you not think there would be some force if the shipper said, "I bound "myself to you when your rates were 40s., I did not "bind myself to you when you raised your rate to "45s. or 50s." Do you think there is no force in that?—No, because we could not make a contract with him at all on that basis. We must have an elastic tariff, because the circumstances which surround our business are elastic.

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21000. For the moment, I am assuming that it is reasonable to have a rebate circular?—Yes, I quite follow you.

21001. And I am assuming that it is reasonable that you should bind him; but I put it to you that it cannot be fair to add to that an implied power of raising the rate to any extent during currency of the period mentioned in the rebate circular. That is the point I am putting to you?—Yes, I know, but I have answered that before. I have said that we do not consider it unreasonable, and we leave every shipper the option of making a contract with us over that six months, if he likes, for a certain quantity. He can get stability of rates if he wishes, but he must come under some obligation.

21002. (*Mr. Owen Philipps.*) Sir John Macdonell was asking you why it was you only called at two or three ports in England whilst you call at 20 or 25 ports on the west coast of South America; is it not the case that there is practically no railway communication between a great majority of these ports?—The steamer is the communication; there is no railway between port and port.

21003. There are no other means of communication?—That is so.

21004. Whilst in England the case is different?—Every port is served by a railway.

21005. And easily?—Yes. On the west coast of South America there are some railways to the interior from some of the ports, but there is no railway along the coast.

21006. (*Professor Gonner.*) That is, there is not one between the ports?—That is so.

21007. (*Mr. Owen Philipps.*) There is no such railway between the ports?—No; the steamship forms the communication between the different ports.

(*The rest of the witness's evidence was heard in private.*)

THIRTY-FIFTH DAY.

Tuesday, May 26th, 1908.

PRESENT:

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

Lord INVERCLYDE.
The Hon. C. N. LAWRENCE.
Sir HUGH BELL, Bart.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. OWEN PHILIPPS, M.P.
Mr. OSWALD SANDERSON.
Mr. J. A. WEBSTER, *Secretary*

Mr. ARTHUR WILSON BIBBY, called and examined.

21025. (*Chairman.*) You are prepared to hand in a short statement of the character of the evidence you propose to give, I believe?—Yes.

(*The witness handed in the following statement.*)

1. The evidence which I should be able to give is that (without going into details, as you suggest you will obtain direct from the various Conferences) I have a considerable experience of the working of the rebate system as viewed from all standpoints.

2. As a steam shipowner, I see it directly from the point of view of the Pacific Steam Navigation Co., of which I am Chairman, and of the Bibby Steamship Co., Ltd., of which I am Manager—while, on the other hand, as a merchant and member of the firms of Bibby Bros. & Co., Ledward, Bibby & Co., and Warner, Barnes & Co., Ltd., I trade under rebate conditions to and from Manila, Mexico, West Coast of Africa, &c.

3. With this all-round experience of the system, I have come to the conclusion that it secures to all parties concerned, regular and efficient services, freedom from fluctuations in rates, &c., which could not be otherwise attained.

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21026. (*Chairman.*) As a shipowner, of course, you have had a very large experience in connection with the working of the rebate system?—Yes.

21027. You are also a merchant, a member of the firms of Bibby Bros., & Co., Ledward, Bibby & Co., and Warner, Barnes & Co., Ltd.?—Yes.

21028. So that you have experience both as a shipowner and as a merchant?—Exactly. I have had an all-round experience of the rebate system.

21029. The result of your experience, you have stated in these few words, namely, "it secures to all parties "concerned regular and efficient services, freedom "from fluctuations in rates, &c., which could not be "otherwise attained"?—Yes.

21030. A few words about that last paragraph. Are you of opinion that unless you could ensure what we

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may call the permanence of customers, Conferences could not supply these first-rate ships and could not ensure the steady freights which prevail?—That is my opinion. Would you like me to give an illustration of that?—

21031. I should like you to do so, if you please?—I was only yesterday presiding at the Annual Meeting of the Pacific Steam Navigation Co. of which I am Chairman. There we have been passing through times on the coast when business in a general way was almost impossible.

21032. Why?—It was owing to the earthquake, the congestion at the different ports, the very small capabilities of the ports to handle the cargo, and the enormous delays which took place in consequence—all these things combined would make it a place that no casual shipowner, and no one who was not almost bound to go there, would look at. The Pacific Steam Navigation Co., besides its mail services conducts a cargo service, and I will limit myself to the cargo service. It is a service supplying their West Coast customers (who are their regular customers with a regular agreement) with tonnage for their requirements. Under these circumstances it has existed, and is still existing more or less, and no one who did not feel bound to go and give those facilities would have anything to do with the place at all. The Pacific Steam Navigation Co. devotes to that particular branch of its service, the cargo service, sailing fortnightly to Valparaiso, some 16 full-powered steamers—not the sort of steamer that you can find knocking about anywhere, not what is generally known as the tramp steamer, but steamers of 11-knots and so on. In order to conduct this business without delays their regular staff and supply of steamers was utterly inadequate. They not only, from the feeling in favour of carrying out the implied agreement which the rebate and the Conference calls for, sent these steamers of their own there, which lie out there at great loss of time, but to keep up the regular sailings they chartered no less than 10 outside steamers. In explaining the accounts yesterday, I had to tell my shareholders that we had a very bad account; that owing to these circumstances we had had considerable losses, and the account had practically been spoilt owing to our having to keep up an implied honourable bargain to supply tonnage for the trade on the west coast of South America which on its own results would not call for any support from the shipowner; and that we had lost on those chartered steamers between £30,000 and £40,000, besides, probably, something like £20,000 or more on the steamers of our own which we were employing there. You understand that the time taken on the voyages was more than doubled, and, consequently, the wages of our own men, the provisions, and all these things, were going on, as well as the cost of the steamers that we had to charter. That I instance to you as the reciprocity which is implied in these Conferences, without which, if the shippers had not been dealing with a Line like the Pacific Steam or like others who provide a regular service, they would have been left in the lurch, and no one would have looked at them. I will go further and say that in finding these extra steamers we had the greatest difficulty. The steamer that we are asked to supply as a cargo steamer does not exist in any quantity among what are known as the tramp steamers, which, very properly, are steamers that do not go in for speed or special requirements. They go anywhere and everywhere; and they go, as a rule, seven or eight or nine knots. We had, therefore, the greatest difficulty in procuring the steamers that were required, and of those we did procure we had very many disappointments, though we got the best we could. The best one I remember was one we chartered from the Union-Castle Co., which was a liner of itself.

21033. What is generally the difference between the premiums of insurance on tramp steamers, and the premiums of insurance on regular liners?—That is rather a broad question, but it runs to about double on the hulls of the steamers. On the cargo——

21034. It is the premiums on the cargo that I want to know?—I could hardly tell you; it is distinctly different.

21035. Is there a great difference?—There is a difference. For instance, when we charter an outside steamer, there is an implied provision with our customers that we put one or more of our officers on board, because it is recognised that a tramp steamer going through the Straits of Magellan, or something like that, would be to a certain extent at a loss.

21036. To a very great extent, merchants who ship on Conference steamers are tied, that is to say, they are bound to ship by the Conference steamers, at the risk, if they do not do so, of forfeiting their rebates?—Certainly. It is an implied bargain, and like all bargains it has two sides to it; it could not exist without that.

21037. This question has presented itself before the Commission several times: Whilst the shippers are bound in that way, the shipowners are at liberty to raise the rates of freight without consulting the merchants; and that has appeared to many to be unjust and inequitable. What is your view of that question?—I have never known cases in my experience where shipowners have raised their rates except under very exceptional circumstances. For instance, you will easily imagine that with ships going to the west coast of South America under the conditions I have just described—and I have known a steamer lay for five weeks before she ever broached any cargo, and then only got out a very little at a time—it is impossible under those circumstances that they should not raise the rates. Speaking of the Eastern trade, where my own boats go, I have never known any case of immediate raising except in connection with coal. In my Rangoon Conference, which I speak more particularly to, we are most particular to give a good long notice. If you were a shipper and came to me to-day and said to me, "I want to make contracts, will you give "me an assurance that I may do so," I would say to you, "I will give you an assurance I will not raise "rates for six months." We are not in the habit of jumping rises on them in that way. We are in the habit of meeting them pleasantly. In all the Conference arrangements that I have had—and I speak both as a shipowner and as a shipper; in fact, my personal interests are rather more as a shipper than as a shipowner—I have never known any trouble or difficulty. Now, on the other hand, a casual steamer, a tramp steamer, has got no tariff. You come to him to-day and he is one thing; you may go to him to-morrow and he is another. You have to find him and to find his price. You are not comparing a possible rise in a Conference line with an immutable tariff anywhere else. As regards the other, you have to go and find him, and he may tell you he will not go at all, or he may fix his own rate from day to day or from hour to hour.

21038. I suppose you remember some freight wars, do you not, where steamers have tried to come into a Conference?—Yes.

21039. You will have known several cases of the kind. When a case of that kind happens, how do you deal with your own customers?—We protect them in every possible way.

21040. In what way?—We increase their rebate, for instance. We see that they shall not suffer by sticking to us.

21041. You think yourselves in honour bound to do that?—Certainly. Mind you, in my experience, when a distinctly strong party who is going to come permanently in and who wishes to come in, starts a freight war, like all wars it goes on for a long time, but peace comes in the end. He arranges terms with the Conference Lines, and like all converts he is probably more inclined to repay himself for that fight he has had than anybody else. He is not the man who has lived in the land and has had to make himself pleasant in it; he is a man who has had his knife out and wants to recoup himself afterwards. That is the end of all fights. Fights do not go on for ever.

21042. Have you considered this question: Supposing the system of deferred rebates were made illegal in the United Kingdom by statute, and was held to be valid in, say, Germany, have you considered what effect that might have upon British shipping?—It would upset the whole applecart. The reason, perhaps, the prime reason, at any rate one of the prime reasons why the English Lines associate themselves in a Conference and in a rebate system with a foreigner, is that by that means the foreigner is bound to keep his rate level with theirs. That is the

only hold you have on him against his cutting the ground from under your feet. You are able to give him a certain solidity and a certain protection overhead—internationally, so to speak—which prevents him from cutting you out individually.

21043. So that one important effect in your opinion of the Conference system is that it procures an equality of freights from the United Kingdom and the Continent?—Certainly. Did you mention the United States rebate just now?

21044. No, only the United Kingdom and the Continent; I will come to the United States in a moment?—I have heard it cited very often that the rebate system is illegal in America, and that is having a bearing on the legality of it, or the wisdom or desirability of it here; the two things are as opposite as the poles. I am connected with America. I have an office in New York, and I am conversant with all this thing. The reason the rebate system is made illegal in America is quite different from the reasons which are actuating you in inquiring into it here. There it was not the steam shipowners who gave rebates, but it was the trusts and the corporations which imposed on the shipper or arranged with the shipowner to get what they called rebates, and what you may call rebates, but what really was a reduction in rate, and, generally, one that was not disclosed. The reason for making rebates, as they were called, and making returns illegal in America, was to prevent the trade getting into the hands of shipping monopolies—not shipowners' monopolies but shipping monopolies, and crowding out the small man. On the other hand, here the rebate system prevents monopolies. It gives the small man the same rate of freights as the big man. So the illegality of rebates in America and the legality of them here work for the same object.

21045. If you will allow me to say so, I quite agree with you that the Conference system, according to which the same freight is demanded of the great merchant and the small merchant, brings about that result which was intended to be secured by the Elkins Act. But there is another Act, the Sherman Act, which seems to be aimed at preventing a monopoly. I am not expressing any opinion as to the expediency of the Sherman Act, but the Sherman Act seems to provide that shipowners shall not combine so as to create a monopoly, that is to say, so as to secure for themselves the carriage of all goods in a particular trade. There have been different opinions expressed on this point: Does the system of deferred rebates prevail in the export trade from the United States?—Well, not officially, anyhow.

21046. That seems rather to point to the conclusion that it is considered to be opposed to the Sherman Act?—You see, the American view of things is rather different to ours. The American view is that all shipping is foreign shipping. They have not got their own shipping. They are treating with an enemy, so to speak. Wherever they can protect their own shipping, and wherever they can make a monopoly, they go further than anyone ever dreamed of. For instance, it was illegal to bring goods from San Francisco across Columbia, when Columbia was a foreign State—not as it is now—and to take it to New York. That was called "coasting." They have made the Sandwich Islands, coasting; they would like to make Manilla, coasting, and the only reason why Manilla is not a coasting trade now, is because they have not got the ships. They look upon the thing not as a shipowning nation, but as a nation which is employing foreign ships.

21047. That is a very important consideration, no doubt. It is, of course, from one point of view as important to the shipowner as to the merchant that trade should prosper and increase?—If I may say so, it is more important to the shipowner that trade should prosper and increase regularly. The shipper can send his goods when the market favours, and can draw out altogether and not do any business when he likes. The tramp shipowner can do the same. A tramp shipowner builds a lot of vessels when prices are very low and he is looked on as a factor for carrying goods; but if the market price of ships goes up, he does what I know many owners do—and very wisely—he sells every one, and the man disappears, and that shipowner does not exist any longer. The one man who is bound to do everything that is possible in his power to make the trade run smoothly and consecutively and continuously, is the man who has undertaken to sail ships once a week or once a month whether he gets cargo for them or whether he does not, and does not draw out, and cannot draw out.

21048. There were some statements made before us to the effect that the tendency of the Conference system is to raise freights, generally, here; is that your view?—I can only say, I know this, from bitter experience, that the tendency of rates has been to decrease year by year, and that has been co-existent with the institution and the conduct of Conferences. Except under exceptional cirsumstances, such as I have alluded to following the earthquake, I think you will find that all rates of freight have tended downwards. I know, going a generation back to my uncle's time, they used to get £5 to Genoa; if anyone got 5*s.* now he would be very pleased. But then £5 to Genoa was the regular thing, like 12 pence to a shilling.

21049. Of course, the combination of shipowners in a Conference gives them very considerable power, and constitutes them an influential body; are you of opinion that it would be well, from a general point of view, I mean, that the merchants in a particular trade, if it were a great trade, should also form a combination so as to be able to confer with greater power and effect with the combination of shipowners?—I think, practically, they do that. They have chambers of commerce, and they are quite well-enough equipped to charter of themselves.

21050. You say, they are quite capable of chartering of themselves, but I just want your opinion on this question: Supposing the merchants thought that freights were too high, they could not ship by outside steamers without forfeiting their rebates could they?—No, not without forfeiting their immediate rebates. But that is not an insuperable objection. I, myself, as a merchant have been to the P. & O., for instance, and I have said to them, "I do not like this, I think "that you are charging too much, and if you do not "meet me, I shall have to forfeit the rebates I have "got." I could work the thing down to a small point before I did it, probably. I have never found at the P. & O., nor has anyone who came to me as a shipowner, ever found that there was any hard and fast brutal refusal. There is no room for it in these days. People who have to make money—and it is hard work making money with ships—have to be reasonable, and they do not push things to extremes. I have never known a case where a rebate has been forfeited or where a man has gone about tearing his hair and saying he was tied up by a rebate or he would have forfeited it. That is my experience. Looking at it from the point of view of a shipper, shipowner, and everyone else, I cannot recollect any instance of that.

21051. Then you think that if the merchants in any particular case felt themselves oppressed by the rebate system, they would have the power of combining and resisting the demands of the shipowners?—Yes, certainly, I think they would. But, as a matter of fact, if a shipper has any difficulty or any complaint, he is not at all slow in bringing it forward, and he is regularly received and it is talked over and arranged, as a rule.

21052. (*Sir John Macdonell.*) You told the Chairman, in answer to a question, that you thought the rebates in the American trade were not officially recognised; do they non-officially exist?—Yes.

21053. They do? You said that they were not officially recognised; do the rebates in fact exist in that trade?—I do not think they are entirely non-existent.

21054. Are they prevalent?—I could not say that, for I have no proof of it, but in my own mind I think that rebates do find their way sometimes.

21055. You have had experience of the American trade for some considerable time?—Yes.

21056. Do you think that after the Sherman Act, which was, I think, in 1903, a change took place as regards rebates?—Yes, I think so.

21057. Before that period, had rebates been very commonly charged in that way?—Let us understand what you mean by rebates. I am not talking of rebates as we know rebates. Our rebates are things which are put upon the table and are open for everybody; they are printed and sent out. A rebate in America means a return, very often.

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21058. The question I am putting to you is with respect to deferred rebates, not immediate discounts. What I want to know is, whether before 1903 it was common to give such deferred rebates, and after 1903 whether there was any change?—I should say that there was a change after that, but I am not at all clear that we always get to the bottom of these things in America. Anyone who has got to do with America knows that there are a good many things *sub rosa*.

21059. And, in your view, it is quite possible that, the Sherman Act notwithstanding, deferred rebates may be given?—I will not say deferred rebates may be given, but something will pass.

21060. (*Chairman.*) That is to say, the Act might be evaded?—Yes.

21061. (*Sir John Macdonell.*) I rather gather that, on the whole, you think it is evaded to an appreciable extent?—I would not like to say that.

21062. I do not want to put words into your mouth?—I am suspicious of it—shall I put it in that way?

21063. You are, as you explain, not merely a shipowner, but a merchant?—Yes.

21064. And you export goods to what countries in particular?—To Mexico and to Manilla.

21065. Any other country?—As an agent I send some out to West Africa and receive them from West Africa.

21066. So far as West Africa is concerned, you are an exporter, then?—No, very slightly. I may say that I only act in West Africa as agent or broker for people here. Things pass through my hands, but I have not very much to do with West Africa.

21067. Not even as a broker?—No, very little. Goods come which I hold the bills of lading for, and the rebate passes through me; but it is not mine, and I have not much to do with it.

21068. Still, you are acquainted with and have been acquainted for some time with the West African trade?—Indirectly, yes.

21069. You are familiar with the rates charged upon goods in that trade, are you not?—Personally, no, I am not; I could not say I was.

21070. Have you formed any opinion as to the reasonableness of the rates in that trade?—No, I have not. As I say, I am only acting for other people, and it has not interested me to that extent.

21071. Have you had occasion to make any complaints on behalf of your clients with respect to the rates in that trade?—No, I have not heard of any.

21072. As far as your experience of the trade is concerned, there is no cause of complaint?—I do not think so. But, as I tell you, I am not directly interested, and if there were anything of that sort passing, it would, perhaps, pass over my head or be behind me. But I do not think there is. There is plenty of competition from Germany which would keep that in its place.

21073. You speak of competition from Germany; in what way? Is it outside competition?—No. I am thinking of liner competition more particularly.

21074. Are you speaking of Lines which are not members of the Conference?—I do not wish to speak very definitely about that, because it is not a business that I am closely and primarily interested in. But I know that the competition between the German and the English Lines in the African trade is severe. I do not know for certain, but I take it that they are not in a Conference which makes them non-competitive.

21075. Do you suggest that they are competitive in the sense that the rates given by the two groups of Lines are different?—I am not sure about that. That is not within my knowledge.

21076. In your capacity of merchant, are you acquainted with any other trades than the American trade in which the deferred rebate system does not exist?—No.

21077. You are a member, I believe, of several Conferences?—Yes.

21078. In these Conferences, of which you are a member, are the periods for which the rebates are retained the same?—No, they vary. Some of the rebates I know—by signing the cheques—are paid in June, and some are paid in September.

21079. What I am anxious to learn from you, if possible, is what, in your judgment, is a reasonable time for which the deferred rebate ought to be retained?—It may vary with trade. It is a matter of arrangement.

21080. I know it is a matter of arrangement, and, possibly it may vary with the trade, but I should like to know what are the circumstances which, in your view, ought to determine the length of time?—It has usually been six-monthly. As far as I know that seems to appeal to everybody, and it has worked very smoothly, but I have never heard it discussed one way or the other.

21081. In your view ought it to be retained for six months and payable in some period of the next six months?—The way they usually go—I do not go into these details myself——

21082. I only want your general impression?—My general impression is, that the way it is worked at present is working very pleasantly. I think the usual way it is worked is that there is a six-months' period, say, a period from January 1st to June 30th, and for that six-months' period the rebate is paid on December 31st, if the parties are still carrying it out up to December 31st.

21083. Do you think that the shipowner would have all the hold, which he could reasonably ask, if that period were shortened?—No. I think that is a very reasonable and satisfactory arrangement to all concerned.

21084. Supposing that the rate when the period of the first six months began to run was for a particular commodity, 30*s.*; do you think while that six months was running it should be free to the shipowner to raise the freight to 35*s.* and 40*s.* and 45*s.* and still retain the rebate?—Yes.

21085. You think that that is quite reasonable?—I think so, if he did it on reasonable grounds; and I have never known it done on any other.

21086. Who is to be the judge of what are the reasonable grounds?—Circumstances point that. You might ask me who is to say what is to be the reasonable price of potatoes? The surrounding circumstances bring it about.

21087. In other words, the shipowner is to determine what is to be reasonable?—No, I do not say. If the shipowner were to be unreasonable there would be a cry, and he would be approached at once by his clients, the shippers. The thing is not done arbitrarily.

21088. I am rather assuming from your statement as to the manner in which you have done it, that it is not done arbitrarily; I am rather taking that for granted. But if there is a desire not to do anything arbitrary, what would happen, supposing that there were complaints and that the shipowner's customers came to him; is the shipowner to confer with them?—As a matter of fact, the shipowner would unofficially confer with them, and does.

21089. In your view, as I understand it, that is what he, as a reasonable man, ought to do, and would do?—If the shipper thought it was unreasonable, he would represent that to the shipowner, and the shipowner would take it into his consideration.

21090. I rather thought that your explanation went a little further, and that you thought you would expect him, as a reasonable man, to meet and confer with his customers?—Not if his customers were wrong. You must have a reasonable shipper as well as a reasonable shipowner to meet him. You might have an unreasonable shipper who, in spite of everything, in spite of earthquakes and all manner of things, said, "So far from the thing going up a little, I say it "ought to go down." You might have an unreasonable man.

(*Sir John Macdonell.*) I am calling your attention to a state of circumstances in which the shipowner having fixed a rate at a particular figure announces it, and one may presume that he thought he was right and that anyone objecting to that rate was wrong.

(*Chairman.*) The case put is, if there is a difference of opinion of a *bonâ fide* character.

21091. (*Sir John Macdonell.*) What would happen in that case? From your long experience, do you think that in every case in which there was a rise of rate or an announcement of it there should be a conference between shipowners and shippers?—It depends what

you mean by a conference. If you mean by that that the shipper, whether he is reasonable in his objection or unreasonable, should be able to state it, then I say that the shipowner would meet him, as he has got to earn his living, and he has got to keep his connection together. He does not want to drive things to extremes, and he does not want to drive men away. As a matter of everyday life, I have never known in my own experience any case where there has been a blunt refusal of a reasonable offer.

21092. That being the invariable practice, so far as your experience is concerned, no harm would happen if it were laid down as an invariable rule?—I say that every consideration has always been given as far as I know to any reasonable objection. If you are leading me to the point that you want me to say——

21093. I do not want you to say anything?—If you want to get to this, that because a shipper raises an objection, reasonable or unreasonable, there should be a conference between these two, to be decided by a third party or somebody else, then I say——

21094. No, I am not interjecting any suggestion about a third party; that raises a different question? —Then what is it that you put to me?

21095. Whether in your judgment it would be advisable that before any rise in rate took place there should be a conference between the shipowner who announces a rise of rate and his customers?—No. I would leave them to themselves in the conduct of their business.

21096. What would happen supposing that in substitution for deferred rebates you had individual contracts; do you think that would be better?—No. That would be terrible; that would be putting the fat in the fire at once. I have not read much of the evidence that came up here, but I was attracted by one piece of evidence that was given about rice and the Rice Ring in Rangoon. It was rather cited as being a monopoly of the shipowners. Whoever gave that evidence got the thing absolutely upside down. There is no Rice Ring of shipowners in Burma. The Rice Ring, such as you may call it, is a Shippers' Ring. The monopoly now does not exist as tightly as it did, but the monopoly which did exist was a monopoly produced and engineered by the shippers, who, having command of the largest volume of rice, said to the liner shipowners, "You must take our rice and our "rice only, and we will fill your ships.". That did not originate from the shipowner—it originated from the shipper; and the only heart-burnings that have ever existed in the Rangoon trade are over rice.

(*To the Chairman.*) I want you to get this point we are making, sir. We have been talking about conferences and, incidentally, got on rice. I have seen some of the evidence before you that there has been trouble about rice and heart-burnings about rice and a rice monopoly. I was wanting to point out that some of that evidence, as I read it in the reports, was utterly wrong and was absolutely upside down.

21097. (*Chairman.*) You point that out, do you?—Yes. That was a monopoly forced on shipowners, so to speak, and was originated and engineered by four large shippers. That has broken down. The only article or substance connected with Burma on which there has been heart-burning or friction is rice, and that rice is the one and only article that has not a rebate attached to it. If the rebate has caused trouble and made difficulty in one direction, you will see rice has caused trouble and difficulty. In Burma, rice is the only one article which is not kept in its place, regulated, and smoothed by rebate—it is out on its own hook, and causes nothing but trouble.

21098. (*Sir John Macdonell.*) I will not say that your interesting explanation is a digression, but it not quite an answer to my question, which is a simple one. What do you think would be the effect on traders and shippers if instead of deferred rebates you had systems of individual contracts?—It would be this, that we would not make individual contracts as we do at present. We would not be foolish enough to make a contract with a man to carry his goods in the dead season out to a place at the same rate that we do in the busy season. We would not undertake to take railway material and so on to Burma when there is no cargo back, and the ship has to take a rotten rate or, perhaps, come home empty; we would not do that at the same rate as we take when we get a full homeward cargo.

21099. In other words, you do not think that any arrangement of individual contracts could fulfil all the objects which are fulfilled by the deferred rebate? —No. It would tend against regular rates, and it would tend against regular sailings. I would not make a contract with you to go to a place where there was no cargo to come from unless I was sure that I would have your support and the support of the trade all round.

21100. So that no system of individual contract would ensure that the vessels of the Pacific Steam Navigation Co., say, would call at the ports with small trade on the west coast of South America?—No. They would not go in fair weather and bad weather. It is like a pilot. Why is a pilot made compulsory outside a place like Liverpool? Because unless the pilot got regular employment he would only go out in summer, and he would not go out when he is most wanted—in the winter.

21101. There is another point which I might, perhaps, direct your attention to. In answer to the Chairman, you said that your practice was, before altering rates, to give, to use your own phrase, a good long notice?—Yes, it is.

21102. I think you mentioned six months?—I do not tie myself to six months. It is our habit to tell people that on and after such-and-such a date the rates will be raised. That is our practice.

21103. Should you see any objection to this practice being crystallised in some contract or the terms of a rebate circular?—I would, indeed.

21104. You would?—Supposing it were applicable to the west coast of South America, and then supposing that an earthquake took place like that at Valparaiso, and all the facilities for discharging goods were taken away, and all that happened——

21105. I am not suggesting that you should bind yourselves in those altogether exceptional circumstances. In normal times do you see any reason why you should not be bound to give a six months' notice? —Yes, I do. I would not like to tie myself to any notice. We are not autocrats or children. We are men brought up in business, with a long experience of its troubles and its exigencies, and we know that in order to conduct business profitably, as well as comfortably, we must be reasonable, but must not be tied up by fancy restrictions.

21106. Another observation that you made to the Chairman was to the effect that in the case of a rate war you would feel yourself bound to protect your customers?—Yes.

21107. That is to say, giving them, I presume, terms equally favourable with those that were given by the Lines coming in?—We should take care, and, as far as I know, everybody in a fight has taken care that his loyal friends should not be sufferers for their loyalty.

21108. Would you object to insert in a contract terms to bind yourselves to do what you invariably do? —I would object to trying to codify and specify down. Supposing a man is going to be married, would you like to fix on him how he should treat his wife under every circumstance? Let him love, honour, and cherish her; let him protect her as a human being, and not be tied up by a lot of moral formulæ.

21109. I will not stop to examine that analogy; there might be some comments upon it. You are a member of various Conferences of which there are foreign members?—Yes.

21110. There is a question of a somewhat delicate character, and you may answer it or not: Have you any reason to believe that in all cases the foreign members loyally observe the terms as regards the rates so as to give no favour to foreign shippers?—Speaking broadly, yes.

21111. What have you in your mind which induces you to use the word "broadly"; what qualification is present in your mind?—Nothing very definite.

21112. Taking the indefinite thing, what is present? —I have just this much feeling, that I like to have them in Conference harness with me. I might trust you without anything; I might say, "We will take "it for granted; we know each other," and all the rest of it. I want to keep up the Conference harness on the gentleman who is not with us always. I say nothing against them; I work with Germans and I

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work with Americans, and I know that I trust them in every possible way; but still I think it is better for us all to be harnessed.

21113. I do not expect you to go into particulars, but have you reason to think that there may be trades in which, as a matter of fact, the foreign shipper does get a difference in his favour?—He gets it through his State railways.

21114. I am not talking of that; that is an interesting part of the subject, but I am putting that out of the question. I am speaking of trades in which that element does not enter?—I should not like to differentiate between foreigners and Englishmen; they are all human beings, and it is very desirable that they should all be under one ægis and subject to some sort of supervision and control, such as the Conference gives to them.

21115. You have made clear to me that one advantage you think of the system is, that it establishes an international rate of freight; I am putting to you whether you think that there may not be cases in which in a large number of instances preference is given in favour of foreign shippers?—No, I would not like to say that. There are thieves in all countries and all trades, but the people I work with in Conference have my confidence.

21116. (*Chairman.*) Would you tell me to what evidence you were referring when you spoke about the Rangoon Conference; was it the evidence of Mr. Gladstone?—I believe it was.

21117. I will just tell you what Mr. Gladstone said, as I want to know how far you agree with him. He stated that there was an arrangement between the two British Lines in the Conference—Bibby and Henderson—with their agents in Rangoon, under which the latter were given the entire control of the shipments of rice to the United Kingdom from that port. That is so, is it not?—That is so, only you have got it the wrong way up. If they had said there that a system existed under which the four leading firms of rice shippers in Rangoon were in the possession of a monopoly not to allow the regular liners to receive rice from any but themselves, that would have been the state of the case. It is not a monopoly from the shipowner, but it is a monopoly from those shippers, and it was originated by them.

21118. (*Mr. Owen Philipps.*) Do you mean that if you shipped small parcels of rice from other shippers they would not support your Lines?—They would not allow you to. They barred the entry of the small man. The rebate system protects the entry and the position of the small man. There has been no trouble in regard to anything but rice, where that rebate does not exist and that protection is not afforded.

21119. (*Chairman.*) Mr. Gladstone went on to say that as the Ring had a complete monopoly of the homeward tonnage no merchants outside the Ring could ship rice from Rangoon to the United Kingdom?—Mr. Gladstone is shipping at the present moment in my steamers.

21120. (*Professor Gonner.*) Yes, now, but he was not, was he, at an earlier period?—He was not.

21121. He was not able to do so?—Owing to the fact that the Baps—you know what that means, of course—filled these ships and fettered these ships with the proviso that nobody else's rice should be shipped in them.

21122. Did the confusion, do you think, arise in this way, that the shippers to whom you have referred, who had the monopoly, were at the same time, or some of them were at the same time, agents to the liners?—Naturally; they made themselves agents.

21123. They were in both capacities, then—they were representatives of the Lines and they were also shippers and merchants?—Naturally. You send your ship to the man who gives you the most cargo and supports it.

21124. Were they your general agents as well?—Yes. I do not wish you to infer that any wilful misunderstanding was made, but, simply, that so far from it being the shipowner who coerced and excluded the trade, it was the man who had the monopoly of the rice who fettered the shipowner and did not allow him to take the other man's rice.

21125. (*Chairman.*) Then I understand you to point out that in that particular trade there is no system of deferred rebates?—There is in regard to everything but rice, and rice is the one exception. If rice had not been the exception that trouble would not have arisen.

21126. (*Mr. Owen Philipps.*) Have you any objection to the publication and issue to shippers of a book of tariffs showing the rates for the various commodities?—As a matter of fact, we do not do that in all trades, but in some we do it. For Rangoon, if you asked me for it, I should give it to you at once.

21127. You do it in the Rangoon trade, then?—Yes.

21128. Would you have any objection to doing it in the other trades?—I believe some of our friends would have.

21129. I was asking whether you, personally, have, seeing that you do it in the Rangoon trade?—I should personally not have any objection to it. If a man comes to me and says, "What is the rate on flat iron," or "What is the rate on bars?" I should tell him, and I would make one bite at the cherry and give it him all myself, as far as I am personally concerned.

21130. (*Professor Gonner.*) The complaint, I understand, about the rice at Rangoon was really this, that the shipowners might have broken the Shippers Ring, the Merchants' Ring in rice, because the merchants concerned were their agents?—No; that is nonsense.

21131. That could not have been done?—They became agents in a secondary position.

21132. They were not primarily your agents, but they were your agents in consequence of their control of this trade, really?—We went to them because they were the people who were going to give us the most cargo.

21133. I think that was the only suggestion?—In Patrick Henderson's Line they go back 50 or 60 years, and I cannot tell you exactly what are the conditions; but that would govern it, as it would govern anything. It would make an agent anywhere. You look out for the man who would give you most support.

21134. There are just a few small points I want to put to you. In some Conferences it has been apparent that the rebate only governed a certain number of the articles concerned, that is, rebate returns were only made on certain articles shipped. At the same time the merchants were tied in respect of all the other articles as well. I understand, for instance, in a great many cases, as in Rangoon, there is a rebate on certain things, but rice can go free; it is outside the Conference, is it not?—You are talking of the homeward trade? Rice is absolutely outside.

21135. I will take, for instance, one trade, which is one that suggests itself at the moment. In the homeward West African trade the rebate is only paid on certain commodities, but the shipper or the merchant is tied in respect of all commodities, and so he cannot send the other commodities outside?—I do not know anything about that.

21136. That is merely an illustration?—The rice is the last resource, the filling up. No one carries rice to any greater extent than he can help, and, therefore rice is a negligible quantity in regard to rebates.

21137. Do you not think there would be a legitimate ground of complaint if you did not get a rebate on goods and yet are bound to send those goods by a particular Line?—You have probably got some special instance in mind. I have no experience of that.

21138. You have never had an experience similar to that in your trade?—No. With railway material, Government stores, and such like there is no rebate with us.

21139. Supposing a shipper by you sent Government stores outside?—He could not.

21140. He could not, as a matter of fact, but in certain cases they can send some goods outside?—I have never had such an experience.

21141. They can charter sometimes. Do you think it a desirable thing, or do you think it an equitable thing, that merchants should be tied in respect of articles on which they do not get a rebate?—I would not like to answer that without knowing exactly the particular conditions. Of course, your difficulty would be met by putting a rebate on it.

21142. The point that I was looking at was this: It is said frequently that the rebate is a gift, or a concession, made by the shipowner to the shipper in return for his undertaking to send all his goods; here you get the gift only made on some things, and other things still tied?—I would never suggest that the rebate was a pure gift. It is a *quid pro quo* arrangement.

21143. But here it seems to me that there was one of those elements rather left out; he does not get the *quid* and yet he has to send the things. But you have never had an instance of that?—No, I have never had an instance of it.

21144. You gave us illustrations of what you consider should be the attitude of reasonable shipowners in dealing with the trade; but you also told us that shipowners are like other people in character, which may mean, of course, that some of them are not reasonable. Can you suggest any safeguards which would prevent unreasonable people from abusing their position?—Yes. I think the greatest safeguard is the fact that the unreasonable being would be one associated with other reasonable beings in his own Conference, and he would not be an individual dealing for his own bat, but he would be one of a party around a table of shipowners and he would be brought to reason in that way.

21145. Of course, you would not extend that to the history of all combinations and trusts, and say that association has led to reasonable action on the part of combinations and trusts, would you?—I think, generally speaking it has.

21146. Do you really think that the formation of combinations and trusts has led to what we might call considerate treatment of the other party?—I have not studied anything outside my own business very much.

21147. You have committed yourself, as I think, to the rather extreme position, have you not, that a *quasi* monopoly, or a monopoly, will be more reasonable although the restraining element of competition is obviously more or less absent?—I think that all men of experience who are trying to foster and keep together a trade will not go to extremes or make experiments. A man who is in a trade one day and out of it another, can turn his back on it when he has spoilt it, like a tramp can. He is a man who might do something venturesome and something rash. But a man who has built ships, which, perhaps, will go nowhere else, who has bound up his life in a particular trade, will not play the fool with it.

21148. There is just another point connected with that. We were told by a good many shipowners that the action of the shipowner with regard to rates was naturally restrained in some degree by the consideration that if he pressed rates too high, latent competition might be induced; I suppose you would agree with that?—Yes.

21149. That, of course, involves the supposition that there are Lines, or that there are ships, outside which are not tied to their own respective trades; and, I suppose, that resolves into the proposition that tramps will always exist?—Not necessarily tramps; some other Line might look in.

21150. But there always will be ships that can be transferred?—I should think so.

21151. Do you think that there are certain trades which necessarily lend themselves to tramp shipowning, or to the use of tramps?—I presume there are. There are trades which are absolutely season trades. I have no experience myself of tramp shipowning; but I take it that Java sugar has a season—it comes then and it does not exist at any other time—that the great bulk of rice has to come in a season, that wheat from California comes in a season, that maize and so on from Argentina comes in a season; here are trades where there is a great burst of them for a few months, then an absence of them, and I should say that those are the trades that naturally would be useful for tramps more than anybody else.

21152. That, practically, provides the necessary basis for the existence of tramp shipowning?—Yes. I do not see that it is necessary that there should be tramp shipowners at all, but that is where they would come in far away in excess of any liner. The liner has to expend a great deal more money in building his ship, and he builds a ship which is possibly very often unsuitable for anything else. The tramp shipowner builds his ship at a very much less cost, with the power to go anywhere in regard to draught and so on.

21153. But you do not think, of course, that it is necessary there should be tramp shipowners in what we might call the economy of marine transport?—I do not think it is absolutely essential for the universe that you or I should exist, or anyone.

21154. I quite agree, but perhaps classes should exist where individuals need not?—I did not mean it personally, but any of us—any Line of steamers, or ourselves, or anyone.

21155. Still, as I say, perhaps classes should exist where individuals need not. I rather understood from one or two witnesses that they thought that the greater safeguard to prevent undue action on the part of Conferences was the existence of outside tonnage?—No.

21156. You do not agree with that?—I do not agree exactly to that. I think that the great danger to an established Line of particularly equipped ships, such as are required by that Line, is the entry of another strong company. The ordinary tramp is a slow-coach, built very cheaply, suitable to go anywhere, and he is able to sweep any place that is open in large quantity and make a harvest out of it; but the tramp is not, as a rule, able to conduct a business such as the liners have been built for—at any rate, not permanently.

21157. That is a very important point, I think—that one of the main objects of the rebate is really to prevent the sudden competition of such outside Lines?—And of the tramp in the one particular season when the place is worth going to. Take, for instance, Rangoon. The tramp-owner would not look at Rangoon, and it would not come within his practical politics, except, say, in February, March, April, and, possibly, May—then he would get a full cargo. But he would never dream of going to Rangoon in August, September, October, and November, as there is nothing for him then. If the regular liner is to provide facilities for the trade all the year round, then the regular liner has to feel that he will not be dished out by the cheap tramp in the time when the money is to be made, and have to weather it out when it is slack. He would not go there if he had not that safeguard; he would not establish his regular sailing, he would not undertake to sail in and out, full or empty, whatever happens.

21158. (*Sir Hugh Bell.*) In reply to Sir John, you incidentally suggested the possibility of the German shipper—you said the foreigner, but I imagine you meant the German shipper—being advantaged by his State railways?—Yes.

21159. Have you any specific knowledge on the subject?—Specific knowledge is very hard to get, but we all know it sufficiently specifically, that the German steamer may be in Conference with us and may honestly, and no doubt does honestly bear out his bargain of port to port, but with the State railways he gets a through bill of lading from an internal point, and the Government make him a present of traffic on the State railway in order to give him an advantage on the sea terms as against the British ship. That is as I understand it.

21160. Is that more than a mere suspicion?—Yes.

21161. Is that more than a mere suspicion?—Yes; that is common knowledge, I think.

(*Sir Hugh Bell.*) We have had it alleged here, but in reply to questions we have never been able to get anything specific.

(*Professor Gonner.*) Could Mr. Bibby inform us where that exists?

21162. (*Sir Hugh Bell.*) Can you indicate any port, or any inland point, say? I suggest to you one of the textile-producing towns on the lower Rhine?—No; I have no direct knowledge of it, but I think that everyone knows, practically, that supposing Germany makes up its mind to push the trade in Asia Minor, and to capture the trade of Asia Minor, then the German liner can give a bill of lading from an internal point in Germany to a port in Asia Minor which covers both the sea and the land carriage, in which he gets an advantage in the land carriage which

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enables him to compete more easily with the Britisher on the sea portion of it.

21163. Do you mean more than that—on which you suspect that he gets an advantage on the land carriage?—I do not think it is denied. Some of you gentlemen sitting here will know.

21164. We have not been able to get it from any person sitting in your chair that it is so; we have got as far as you have taken us, but I think I am in the memory of the Commission when I say we have got no further?—I think that it is general knowledge and not denied.

21165. General knowledge, you know, is very often general ignorance?—Not in this case, I think.

21166. You think not?—No.

21167. But you see you have taken us no further. All that you have done is to allege a suspicion. Of course, I quite admit that your great experience of the trade makes your suspicion a very important consideration; but it is nothing more than a suspicion, is it—or is it anything more than a suspicion?—It does not touch my personal business that I know of; but it is not a suspicion on my part—it is a thing I have always been brought up to understand, and I believe it is a fact.

(*Professor Gonner.*) In connection with any of the trades with which you are concerned? That is really the point Sir Hugh Bell is on.

21168. (*Sir Hugh Bell.*) I am not concerned with where it comes from. I only want to know if we can get the fact, and I want to say to Mr. Bibby that he is taking us no further?—I think there is no doubt that through bills of lading are issued from internal points.

21169. Do you know that some English institutions are contemplating the same sort of thing, namely, the issue of through bills of lading from internal points to ports? Do you happen to know of your own knowledge that that is so?—Fine goods are sent from Manchester now to the East.

21170. On through bills of lading?—Yes.

21171. Do you think there is any difference between the English custom and the German custom?—Yes. I am quite certain that the British Government does not give anything towards that through rate, and I say that the German Government does, through its State railway. I think that some of you gentlemen round the table will be able to give proof of that.

21172. (*Sir Alfred Bateman.*) I think you are largely interested as a merchant, are you not?—Yes.

21173. More largely than as a shipowner?—I think much the same. I am chairman of a steamship company, and I am the manager of a steamship company, and, in my proper person, I am a merchant; that probably comes quite as near or nearer.

21174. Do you grant rebates to yourself sometimes as a merchant from yourself as a shipowner?—No; I do not know that I have ever done that—never in my life.

21175. I suppose you would if you could?—As a matter of fact, that would be against one of the cardinal rules of the people who work under the rebate—I do not say it is a written law, but it is practically an unwritten law. I have never owned one farthing's worth of cargo carried in my own steamer, and I would not do it.

21176. That is very important, and also very interesting. Is it because you undertake not to take cargo on ship's account?—I do not undertake not to do it, but I do not do it.

21177. You might do it, but you do not think it is right to do it?—I might commit a murder, but I do not think I shall. I do not come under any obligation, but I would think it an improper thing to do, and I should not do it.

21178. (*Chairman.*) And it is understood you will not do it?—No. But everyone knows I do not do it.

21179. They rely upon that?—Yes, they rely upon it.

21180. (*Sir Alfred Bateman.*) Do you think that is the usual practice with shipowners who also happen to be merchants?—There are very few shipowners who are merchants also.

21181. But the shipowners that you are connected with do not take cargo, do they?—The liners do not carry cargo of their own. The tramp shipowner has perforce very often to do it, I believe.

21182. As a merchant, do you ship British goods, chiefly?—Yes.

21183. But you would ship foreign goods—German goods or American goods—just the same?—I would ship what I was told to ship.

21184. It does not matter to you whether you are shipping British or foreign goods—I mean, to you as a merchant?—In my merchant's business, as a matter of fact, I am principally a receiver of goods more than a shipper. All the goods I ship, broadly speaking, are British; but if I were told to buy some beer in Denmark, if they wanted Danish beer, I should ship Danish beer, certainly.

21185. You have no personal experience of shipping German goods from German towns?—No.

21186. (*Chairman.*) Some members of your Conference are foreign shipowners, I understand?—Yes.

21187. Have you inquired of them at all whether they get any preference by means of the railway freights being low in respect of goods carried from an inland town in Germany to a port?—I do not say that I have ever put the question bluntly to them. It is hardly a question that I could put to them. I think we both know that they do.

21188. Do you know anything of the Ward Line?—No, only by name. They run from New York down to Central America.

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21189. (*Chairman.*) You are a member of the firm of Thos. & Jas. Harrison, Liverpool, which firm owns and manages 40 steamers?—Yes.

21190. They trade as liners to the East Indies, the West Indies, Mexico, the United States, Brazil, and South Africa?—They do.

21191. You have been good enough to prepare for us a memorandum of the evidence that you propose to give?—Yes.

(*The witness handed in the following statement.*)

1. I am a member of the firm of Thos. & Jas. Harrison, Liverpool, which owns and manages 40 steamers —200,000 tons, gross register—trading as liners to the East Indies, the West Indies, Mexico, the United States, Brazil, and South Africa.

Some of the vessels are occasionally employed on casual voyages as tramps, wherever freight may offer.

2. I am also a Director of the Pacific Steam Navigation Co., whose steamers run between Europe, Brazil, and South America, and up and down the west coast of South America from Panama to Coronel, Valparaiso being the trading centre.

3. My greatest knowledge of Conference and rebate arrangements is of those in vogue in the Calcutta trade, with which I have been connected for 50 years.

4. In 1858, and later, we loaded sailing vessels—which sailed at irregular intervals, having to wait to fill up—and charged varying rates of freight according to their requirements of weight or measurement, the amount of cargo offering, the size of the parcels, &c., &c.

5. In 1871 we commenced to run steamers through the Suez Canal, and for a time the sailing-vessel methods prevailed—the steamers sailed when they were full—the rates varied with competition, concessions were made to large shippers, &c., &c.

6. In August, 1875, to correct these inconveniences and with a view to the maintenance of a service by good-class steamers sailing punctually—full or not full—making regular passages at (for the period) good speed, the Calcutta Conference was formed.

It consisted of the Peninsular & Oriental Co.; the British India Co.; and one or two other Lines of London; Geo. Smith & Sons; the City Line of Glasgow; Rathbone Bros. & Co.; and T. & J. Harrison, of Liverpool.

7. Equal rates of freight were fixed from each port, and it was agreed that no favouritism was to be shown,

or any concession made to any particular shipper or shippers; all were to be on the same terms.

8. After a time difficulties arose through the occasional attacks of casual opposition vessels, which caused a fluctuation in rates, and through the dissatisfaction of some of the larger shippers, who had lost a privilege they formerly enjoyed of purchasing consignments of vessels—*i.e.*, in return for a large shipment they received a commission on the vessels total freight.

9. To meet these difficulties, in September, 1877, the rebate system was introduced and applied to Manchester piece goods shipments—then a greater mainstay of the trade than now.

10. The first idea was to make contracts with the shippers for their exclusive support, but this was found impracticable, as they could not be brought to agree to similar terms. Some thought themselves entitled to special considerations.

11. It was, therefore, decided to make no contracts, but to put every shipper exactly on the same footing as to freight, &c., &c., with a promise of a periodic return on the freight he had paid, if he had given exclusive support to the Conference steamers.

12. The shipper who did not choose for any reason to support the regular steamers exclusively, was in no way penalised—he had the same facilities for frequent and regular conveyance with cheap insurance, &c., &c.—he was charged the tariff rates. All he gave up was the bonus.

13. The system has continued 31 years without causing any heart-burning or ill-feeling which has come to my knowledge.

14. In 1889 the rebate system was extended to all kinds of cargo—it had previously been confined to Manchester piece goods.

15. The idea that this system creates a monopoly and prevents, what I may call, legitimate opposition is a mistaken one. It only keeps off casual or guerilla warfare which irritates regular shippers and shipowners alike. No one objects more strongly to fluctuating rates than the regular shipper, who is enabled by a uniform continuous rate to make forward contracts with a certainty that no competitor, by getting cheaper conveyance, can undercut him or depreciate his stock.

16. The rebate system has never prevented the organised opposition of a regular Line getting a footing in a trade—of which there are numerous instances.

17. In 1881/1885 the Clan and Anchor Lines forced their way into the Calcutta trade; in 1890, Messrs. Brocklebank, and in 1906, Messrs. Gosman & Smith did the same.

Similar instances can be shown in other trades.

18. Briefly, to my mind, the advantages of Shipping Conferences or Rings are, that they render it possible:

(1) To put all shippers on an equal footing.
(2) To keep an equality of rates from foreign as from British ports.
(3) To ensure to the shipowner freight on conditions which enable him to run regular lines of fast cargo boats which he could not possibly do otherwise.

19. What sound objections there are to the system I do not know; although I am in constant touch with merchants and shippers who would not hesitate to express their grievances, and who, in fact, are very powerful—quite strong enough to protect themselves if unjustly treated.

20. The principle on which the Calcutta trade is worked accords with that adopted in the Brazil, West Indian, South American, and Cape trades, in which we are concerned, with some variation of detail.

21192. (*Chairman.*) In your memorandum, which we have read and shall read again, you give a short recital of the Calcutta shipping trade before the Conference was established?—Yes. It lasted a very short time. I think the Calcutta Conference was one of the earliest that was made.

21193. When were steamers first introduced into the trade?—About 1870, just before the Suez Canal was opened. I think four steamers went round the Cape before the Canal was opened, and then they went through the Canal in 1870 or 1871.

21194. I see in the eighth paragraph you say, "After "a time difficulties arose through the occasional "attacks of casual opposition vessels, which caused a "fluctuation in rates, and through the dissatisfaction "of some of the larger shippers, who had lost a privi- "lege they formerly enjoyed of purchasing consign- "ments of vessels"—by that, do you mean that if they offered a large shipment the rate of freight was reduced?—If they offered a large shipment they got the consignment of the ship, which could be sold for so much money, or out of which they could make so much commission. The consignment of an ordinary vessel in those days, for instance, was worth about £200, and a man got that as commission on the inward freight and the outward freight. So if he shipped 500 tons of goods that was tantamount, if you put it in that way, to 8*s.* a ton reduction in the freight; against that he had the expenses of his office, of course.

21195. Then you say, "To meet these difficulties, in "September, 1877, the rebate system was introduced "and applied to Manchester piece goods shipments"?—That is so.

21196. "The first idea was to make contracts with "the shippers for their exclusive support"; I suppose in those contracts they bound themselves to ship by certain steamers?—We discussed the question of making contracts with the Manchester shippers, but each man wanted different terms. One man was not content to pay the same freight as another; each one had a reason why he should pay less. Finally, this system was resorted to, and it has worked very satisfactorily ever since.

21197. That is a system introduced in order to obtain the result which was previously said to be obtained by special contracts?—Quite so—continuity of rates.

21198. Then, in paragraph 12, you say, "The ship- "per who did not choose for any reason to support "the regular steamers exclusively was in no way "penalised—he had the same facilities for frequent "and regular conveyance with cheap insurance, &c. "—he was charged the tariff rates. All he gave up "was the bonus." Still, if the rebate system is effective, there are no outside steamers which can carry goods for merchants who are dissatisfied with the rebate system?—There would be no casual steamers, of course, but some of the merchants (they have long passed that) originally refused to take the rebates, and sent the cheques back.

21199. Then you say, "The system has continued "31 years without causing any heart-burning or ill- "feeling which has come to my knowledge." You speak there of the trades you mentioned at the beginning of your statement, I take it?—I am speaking there of the trade from Liverpool to Calcutta.

21200. You do not extend that to South Africa, do you?—I have a very slight knowledge of, and a very small interest in, the South African trade; but compared to the number of shippers, the complaints in the South African trade that reach us in Liverpool are very few.

21201. Will you say that there have been no heart-burnings or ill-feelings amongst those who are engaged in the South African trade?—I must say that amongst the shippers with whom we, the Harrisons, are brought in contact, there has been no heart-burning at all.

21202. "Heart-burning" is a somewhat vague expression. You remember the Conference which was held in London in the year 1906, under the presidency of Sir Alfred Bateman, do you not?—I was present at one meeting when Sir Alfred Bateman was in the chair.

21203. I suppose you know that the shippers came to the conclusion that it was no use negotiating any longer with the shipowners, because the shipowners do not reduce the rates of freight?—I have heard something said here—that is, I have heard of it from the evidence given before you—about conferences between shippers and shipowners. That is the only conference of the kind that I ever was at, and, certainly, it was an absolutely futile arrangement. The curious thing was—I do not wish to mention names—that several of the shippers in the corridor exhibited no feeling and no heart-burning, but they found fault with the length of time their rebate was held. It seemed to me to be an absolutely personal question between two particular shippers and a very large steamship company trading from London.

21204. (*Sir Alfred Bateman.*) Surely the people who came over were representatives of South Africa, were they not?—Yes.

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21205. And representatives of the different Governments?—Yes. I remember particularly the representative of Natal speaking to me afterwards in the corridor, and—I forget their names, but there were two particular gentlemen from the Cape who were specially irreconcilable—I suppose it is not desirable here to mention names, but I spoke to several of the others, and they did not speak with any sense of having heart-burnings.

21206. You think that they were more irreconcilable in the room than they were outside?—I think so. You remember the titled gentleman who was at our head; he managed the thing in his own way—I thought not very wisely—but in the corridor we were all friendly together.

21207. Anyhow, they came all that distance to make complaints against the South African Conference, did they not?—The gentlemen who were there? Yes.

21208. The representatives of the Governments came?—Yes.

21209. (*Chairman.*) You know Mr. Soper, do you not?—Yes, I do.

21210. He is engaged in the South African trade, is he not?—Yes, certainly he is.

21211. You know he is?—Yes, I do.

21212. He has expressed a very decided opinion that the rates of freight are too high; but you do not share that opinion?—I do not. I know the result is much too low as far as the shipowners go. But if I might venture for one moment to suggest a thing to you, I did not come here at all to speak either of or on behalf of the South African Conference, as to which I am not very well informed. We have not been very long in it, and we are certainly the most insignificant of the shipowners who are in it; and I would rather leave it to others to explain what the position is.

21213. I wish to point out to you that Mr. Soper stated that there was undoubtedly a very strong feeling in South Africa about this matter, but he could not account for it—he admitted he could not account for it. It was generally admitted, he said, at any rate up to a comparatively recent period, that there was a very strong opinion in South Africa on this subject?—I understand you have gentlemen here in the room who went out to South Africa and made inquiries. I have very little knowledge. The only thing I have seen as regards to South African excitement was a meeting held, I think, at Pietermaritzburg, or at some inland town, where there were present a clergyman, who moved the resolution; a lawyer who seconded it, and a farmer who carried it. I think that has been put before you.

21214. The evidence which was obtained in South Africa shows that there was a difference of opinion generally between the importers and the exporters?—I do not know about that.

21215. (*Sir John Macdonell.*) You do not know anything about it?—I know very little about the South African trade.

21216. (*Chairman.*) I put these questions on account of that rather strong statement of yours that "the "system has continued 31 years without causing any "heart-burning or ill-feeling which has come to my "knowledge." The feeling in South Africa has not come to your knowledge?—That sentence applies to the Calcutta trade. I am speaking here of the Calcutta trade, and not of the Cape trade at all.

21217. That will explain everything. You do not express that opinion in reference to all trades, but you are speaking of the Calcutta trade principally?—I should express it as regards all the other trades (with the exclusion of the South African trade) of which I have knowledge. In the South African trade, as to which I know very little, I do know that we send out circulars to 2,880 people, and if a dozen or even if a hundred of them complained, it would be a very small proportion.

21218. Of course, one very great advantage of the system of deferred rebates is that it procures the freights to be steady?—That is so. It protects the small shipper.

21219. That affects in different ways the exporters and the importers in South Africa. Have you studied the evidence on that subject?—No. Our steamers do not load home from South Africa, but go on to India.

21220. You end your statement by saying that in your opinion the merchants, if they felt oppressed or unjustly and inequitably treated by the shipowners, could resist the demands of the shipowners?—Undoubtedly.

21221. And would rather forfeit their rebates in order to escape from the fetters imposed upon them?—Certainly. If the merchants felt that they were being tyrannously used, they would protect themselves. We have in one of the trades we are in one wealthy merchant who could establish a Line of steamers for himself to-morrow. I do not believe that grievances exist.

21222. You know something about the Ward Line, do you not?—I know the Ward Line runs from New York to Cuba and to Mexico.

21223. I have here a circular issued by the Ward Line—I think you furnished us with the circular. It says, "Shippers to Mexico are informed that com- "mencing with the steamer of 1st May, 1901, we will "pay them a rebate of the 10 per cent. primage "charged on the freights as per bills of lading on all "goods (except such as may have been carried under "special contract) shipped by our Line from the "United Kingdom, Hamburg, and Antwerp, to above "ports in Mexico." That does not apply to American goods shipped in America?—No. The system is quite different in America.

21224. Is the Ward Line an English Line?—The Ward Line is under the English flag. It is managed by Americans, and I think belongs to Americans.

21225. (*Lord Inverclyde.*) But legally it is British?—Yes, it is under the British flag.

21226. (*Mr. Sanderson.*) Excuse me, but are you quite sure?—Yes.

21227. I lived there for twenty-one years, and I think it is under the American flag?—The Ward Line?

21228. Yes?—You amaze me. I have thought it was an English Line all along.

21229. (*Mr. Owen Philipps.*) Is it not the case that they buy old English steamers occasionally to run in their service?—Yes; and I was under the impression that they ran under the English flag entirely.

21230. (*Chairman.*) The words here are, "The Ward "Line viâ New York." Will you kindly look at that yellow circular (*handing circular to witness*)?—This is for goods sent out by the White Star boats and the other boats from England to New York at through rates to Cuba and to Mexico.

21231. Sent from England to America?—Yes. They go also by the Hamburg boats from Hamburg. This applies to goods sent from Europe through New York in transit to Cuba and Mexico.

21232. (*Lord Inverclyde.*) Transhipped at New York?—Yes.

21233. (*Sir Alfred Bateman.*) Now about the rates; we have had complaints of the rate for piece goods to Calcutta, 30*s.*, as compared with 18*s.* 6*d.* to Bombay—Mr. Langdon, of Manchester, made the complaint; has that been brought to your notice?—I do not think he is a shipper to Calcutta; at any rate, I do not know him as a shipper to Calcutta. The reason the rate from Manchester to Bombay is fixed, as I dare say you know, is by a contract made with the native indent people in Bombay. The net rate from Liverpool to Calcutta is 20*s.*, and the rate in the contract is printed here as 20*s.* from Liverpool or Manchester. The Bombay rate would be 5*s.* lower than the Calcutta rate, and it is very well worth it—the difference in the ports is so great.

21234. But here is a difference between 30*s.* and 18*s.* 6*d.*?—The 30*s.* from Manchester to Calcutta means 20*s.* to the steamer in Liverpool.

21235. Only 20*s.*?—Yes, from Liverpool to Calcutta. The other rate from Manchester to Bombay means 15*s.* from Liverpool. They have a special arrangement. This contract was arranged through the Manchester Ship Canal people, and they have special terms, both for dues on their ships and for the carriage of such goods as are brought down to Liverpool.

21236. Then, according to your evidence, there is only a difference of 5*s.* between Bombay and Calcutta?—At the outside, that is so.

21237. And you say that is warranted by the distance?—By the circumstances—not only by the distance, but by the nature of the port. At Bombay you have a deep-water port which you can enter at any time. At Calcutta you have a long and dangerous river, your ships are neaped, and when you get to Calcutta you wait a week very often for a berth. The conditions are totally different.

21238. I suppose you have heard of complaints about those rates?—None. When I say none, we have, I suppose, 200 shippers, and occasionally one may say—naturally—"All freights are a robbery; they will have "to be reduced."

21239. You say in paragraph 13, "The system has "continued 31 years without causing any heart-"burning or ill-feeling which has come to my know-"ledge." You do not consider it is necessarily heart-burning and ill-feeling, because somebody would like to pay rather less than you charge him, do you?—No. They always want to pay less. We are accustomed to that. The shipper is interviewed every day. It would appear from some observations that were made that the shippers and the shipowners are a different race of people; but we are in touch with them every day, and I say, again, there has been no feeling expressed about the rate, and the rate is not a high one.

21240. But there are very frequent requests that you should lower rates, are there not?—No, we have not had them.

21241. Really?—No, we have not.

21242. In the case of Manchester piece goods, I suppose you have?—No, we have not. The rate has been the same for 17 years, I think—16 or 17—and I am sure that for several years I have heard no request made for its reduction. It would not be possible to reduce it, anyhow.

21243. Surely you occasionally get requests to reduce the rates? We were told by many witnesses that requests are constantly being made to the liners to reduce the rates?—No. The sort of requests we have is, a man is going to ship a particular parcel of a special kind of goods, and he thinks he should have a concession on these particular goods, because they are lighter or heavier, or something different to other goods.

21244. And you do not give it to him?—We do, very often.

21245. You do not confer with any representative bodies of your shippers, do you?—No. I do not know that they exist.

21246. Would you mind conferring with representative bodies of shippers?—Very much.

21247. You would mind it?—We do not object at all to conferring with an individual shipper, and we do; but it is no use conferring with an irresponsible body.

21248. With an irresponsible body, do you say?—Yes. There must be two parties to a contract. If an individual comes to a shipowner and wants to make a contract, he gives him some *quid pro quo*; but all that a body of shippers would want, I presume, would be fixed rates of freight, and liberty to ship or not as they like.

21249. Under your rebate circular you have their rebates, and they are bound to you in that way, are they not?—They have their rebates. Whenever they have a grievance we rectify it.

21250. They do occasionally have a grievance, then?—As far as the piece goods are concerned, I have not heard of a case. Sometimes a grievance has been expressed, as I have said, about the rate on some special article. They think the rate on boilers, for instance, is too high, and then we reduce the rate on boilers.

21251. I think one of the circulars you were so good as to put in was a Hamburg-American circular, and there is a note at the end of it saying rebates may be discontinued?—I was surprised to find that circular.

21252. The words are, "The above rebates may be "discontinued whenever notice thereof is given"?—I have not read the circular. I am surprised it is there, because when your Secretary wrote and asked me to get these circulars, I applied for them, and the foreigners declined to give any information. They said we might give you anything we liked ourselves, but they would give none. I am astonished to find that circular is there. I have never read it.

21253. Then you cannot explain that sentence about discontinuing the rebates—whether that is to be by notice on either side or whether it is notice to be given by the shipowner?—I do not know at all.

21254. You have not known of that?—No, and I cannot tell you.

21255. (*Professor Gonner.*) That note does not appear on your own circular—the circular on which your name would be signed?—No, and I do not quite see how it applies. What does appear on our circular is, "The "rates of freight and classification of goods are sub-"ject to revision without notice."

21256. That has nothing to do with the rebate, of course?—No, it has nothing to do with the rebate.

21257. With regard to the trade from America, you have a good deal of experience; did you say that the system of rebates was different from America?—No; I said the system of arranging freight is quite different.

21258. Do you think that rebates are given in the American trade?—I do not think rebates in the sense that we are talking of them here—deferred rebates on a system—are given. What is given in the American trade is a variation of rates. You may have in one ship 25 different rates for the same article. What our people here want, particularly the small shippers, is that every one, large and small, should ship at the same rates.

21259. There is what is called discrimination?—Exactly; there is very much discrimination.

21260. Do you think that is in consequence of the absence of a rebate system, or that it is in consequence of differences between the two continents?—I think it is in consequence of the different American idea of business to ours. They think in America that a large man has rights, and should be better treated than a small man. Then the trade is quite different. When you come to talk of the export of Manchester goods, I suppose to Calcutta, you should recollect that the export of Manchester goods is in volume absolutely trifling compared to the cotton crop.

21261. It is a different character of export altogether, so far as tonnage is concerned?—Quite a different character.

21262. Was there at one time a rebate system in the export trade from America?—I never knew of it. We never had it to the Gulf of Mexico, and we never had it to New Orleans.

21263. Was it in the trade from America, for instance, to Cuba and down there?—I think from America to Cuba they had a system of rebates.

21264. Are you engaged in that trade?—Not at all.

21265. Then you would not know if there has been a considerable alteration since the passing of certain Acts?—I have no knowledge of it.

21266. Taking the Indian trade, you say that in 1877 the rebate system was introduced and applied to Manchester piece goods shipments; was that the deferred rebate system which now exists?—Yes, in 1877.

21267. I ought to say that Sir James Mackay, I understood, thought that the rebate at the beginning was not deferred for a further period, that it was not a cash discount but a payment at the end of the period?—That applied to London alone. The first rebate system applied only to Manchester goods, and subsequently the system of rebate was extended to all goods. It was this which Sir James Mackay was speaking of—until it was applied to all goods, they gave a percentage return across the counter, and it was not deferred at all; then, finally, they adopted this other plan.

21268. It was not till 1889 that it was a deferred rebate system; is that it?—I have the dates here. In 1877 the rebate was applied to Manchester goods, and it was confined exclusively to Manchester goods until 1889, and then in September, 1889, it was applied to other cargo.

21269. Then you do not think it was a deferred rebate system in the same formal way till it was applied to other goods?—The deferred rebate system applied to Manchester goods from the first.

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21270. It did apply?—Yes.

21271. (*Chairman.*) It applied first to Manchester goods and was extended in 1889?—Yes. It applied to Manchester goods from 1877.

21272. (*Professor Gonner.*) During those 12 years when it was said to be deferred, was it on a six months' account and six months' deferred, or something like that?—Yes. It has never been altered.

21273. It was really more or less identical, though, perhaps, different in the actual term of months, with the present system?—I think, originally, if you will allow me to correct myself, it was a six months' rebate.

21274. Paid at the end of the time?—Paid at the end of the year; but since that time it has been altered to a four months' rebate, paid three times a year in place of twice.

21275. The idea, which certainly I got from one or two witnesses, including Sir James Mackay, was, that for the first year or two after 1877, it was a rebate paid for at the end of every six months, but not deferred for a further period, and then it was found necessary to defer it in order to maintain a continuous hold upon the traffic?—I think Sir James is in some confusion. From 1877 to 1889 the system of a deferred rebate, paid every half-year, was confined to Manchester goods. They gave a return on rough goods in cash across the counter, and it was not deferred at all.

21276. That had nothing to do with the rebate; that was merely a discount?—It was a discount. In 1889 they applied the system which had prevailed for 12 years in Manchester to all goods, and, subsequently, the period of repayment has been reduced and now they are paid every four months.

21277. I gather from certain paragraphs in your statement, that you do not consider that the rebate system is calculated to prevent the organised opposition of a regular Line getting a footing in a trade?—We have sad experience that it could not.

21278. It is inoperative so far as that goes?—Quite.

21279. I suppose that would not deter the Conference from trying to prevent them?—No, certainly not.

21280. Do you know of instances where there has been what we might call an organised attempt, and where the organised attempt to get in has not been successful?—No; I have known of no organised attempt made by sufficiently strong people to fail to get into any trade. In this trade, in particular, we have evidence of it.

21281. But in other trades with which you are connected you have known such?—I have common knowledge as to certain trades—the Montreal trade particularly.

21282. You think, as your general conclusion, that organised opposition can force its way into a Ring?—Certainly.

21283. You said you were occasionally asked to make concessions in special cases?—Yes.

21284. Did you mean on special shipments?—On a special class of goods.

21285. In the way of reduction of freights?—A man comes and represents that a rate of 20*s.* prevents or restricts trade in a particular article; we then consider it, and meet his wishes in order to get the trade. Our ships cannot go without the cargo.

21286. What is the case when a request is made with regard to a special shipment of goods—because you get those requests, I take it—for municipal works and special kinds of goods like railway works. What do you have to do? Do you have to consult all the members of the Conference before you can quote a special rate?—In most Conferences, and particularly in the Calcutta Conference, the shipowners meet together once a week to consult as to the representations that are made to them about the rates of freight and other matters; and then they decide at what rates they will tender. In the case you put, it is largely a matter of bargain with the Government officials.

21287. It is not exclusively Government work?—No, but it is what is known as the State railways.

21288. I understand with regard to some railways, and with regard to the Indian Government, they are not under the rebate system at all; is that so?—Yes. They put their stores up to tender. The system is a very old one. The Conference steamers tender and other people tender, and the authority, whoever he is, the Government authority, or the railway authority, takes the tender, in fact, that suits him best.

21289. The Conference steamers, I suppose, all tender at an identical rate?—Yes.

21290. That is quite an understood thing? Have you ever thought, with regard to the system of rebates generally, whether any method could be adopted which would make the possibly arbitrary Conferences act as the more reasonable Conferences do, because instances have come before us of difficulties between certain Conferences and their shippers. On the other hand, with regard to a great many Conferences it is quite clear that a mutually extended consideration between the parties has prevented such differences. Have you ever thought of any method that could be adopted whereby the less reasonable people could be made to act as the more reasonable people?—I do not think so, without altering human nature.

21291. You do not think that it is possible to suggest any system whereby restriction could be placed, without serious public detriment, we will say, upon the action of Shipping Conferences?—I really do not see what could be done. As I think I said before, we live on the shippers; the shipowner exists by the cargo he gets to carry. Nobody but the most foolish of men would destroy the trade that he profits by. Whatever may be said to the contrary, there is a good understanding between the shippers and the shipowners, and even in one particular trade that I allude to again with great hesitation, I think really it is very much more of a personal quarrel than any question of rates at all; that is the opinion I have formed.

21292. Personal difficulties have led to trade difficulties, in your opinion?—Yes. If value is attached, and the shippers, you see, seem to attach it, to having a regular service, punctual sailing, a steady Line, and freights without much fluctuation, you can only arrive at it, I am convinced after a long study, by a rebate system. I should like to say the rebate system is a very great nuisance to shipowners. We have to keep these accounts, and to keep this money separate; then there is the system of paying and so forth every quarter. We would be very glad to be rid of it; but I am perfectly convinced that there is no other system possible.

21293. You have considered a possible alternative, I see, from your statement; you had to consider whether there might not be a system of contracts in the Indian trade, you say?—Yes.

21294. But you found it was absolutely impracticable?—What happened when we had the contracts? A man came and said, "I will give you 200 tons of a "particular article at a certain rate, on the distinct "understanding that you do not take a ton of that "article for anybody else for two months." Such offers are coming to us now.

21295. Take one particular case. It is an agreed rule, is it not, an unwritten understanding, that shipowners do not enter into competition with their shippers or their merchants?—It has been found in practice to give so much offence. I do not know what happens—there may be special trades—but in no trade I have knowledge of do we now ever think of it.

21296. You will, I am sure, agree, that it would naturally give offence in a trade where a merchant is tied to a Line?—Yes.

21297. I suppose that could not be embodied in any way?—I think it is a general principle. After all, these Conferences are spoken of as having put an end to competition, but there is really the keenest competition amongst us. There are several Lines of vessels to Calcutta of different nationalities, and the Conference system does not prevent us, for instance, trying all we can to persuade shippers that our ships are better than other people's and trying to get their goods. If one Line shipped cargo on its own account, it would be tabooed by the merchants, and they would give the cargo to the others.

21298. As a practice, you would deprecate it?—I think it is not fair to the ordinary shipper.

21299. But you think it is not a danger against which a safeguard need be taken?—In no trade of which I have knowledge does it take place at all.

21300. No trade in which you have been concerned?—No. We ship salt occasionally, but that is because nobody else will.

21301. You can ship, of course, by agreement if there is no objection, but that is quite a different thing. Just one question with regard to the internal competition. Internal competition within the Ring is able to do everything, or at least a great deal, but of course it cannot reduce the freight?—Quite so.

21302. That is fixed?—Quite so; but they can give quicker delivery, and they can give greater civility. They can give many things that are appreciated.

21303. They can give a better return for the price?—Yes.

21304. It can operate to that extent?—Yes.

21305. One or two witnesses have put it before us that Shipping Conferences, notwithstanding their undoubted power—and of course they have a certain amount of power—are restrained from taking any excessive advantage of their position, because of the latent and possible competition of outside tonnage—referring, I suppose, largely to the tramps?—I have heard that stated, but I think they are restrained by a very much more important consideration. They are restrained by the fact that if they put their rates too high, they will stop the trade. If they make a rate at which the merchants cannot ship, they have to go without the cargo. The rates of freight must suit the trade.

21306. Of course one might say that if you press that to the extreme, that would lead you to the belief that sellers always put the right price, and the most moderate price, on their goods; and that, of course, is not always the case?—You have perhaps misunderstood me. I say that a man who is shipping hollow ware—rice bowls, Kaffir pots, and things of that kind—says, "The rate of freight which you charge prevents trade, "and unless the rate is reduced we cannot ship these "articles." Consideration is given to that request, and the rates are reduced. I know in one particular trade there have been in the last seven months 23 reductions of freight on 23 different articles.

21307. I think you might say that the manufacturer's great object is to sell his goods—as of course it is; but sometimes there is a difference between his customer and himself as to the price. We always say that the manufacturer is restrained by the existence of competition—that may be wrong, but it is an assumption. Of course, as you would recognise, in certain of these trades you practically get a control of all the tonnage that is in the trade, and the question is, how far you are restrained by the existence of the outside tonnage which might come in?—It is obvious we must be restrained by the possibility of outside competition, but against that take this particular time, this particular day on which we are talking. If we were only afraid of competition we might double all the rates to-morrow; the homeward trade being so bad, we might double or treble our rates to-morrow, and find no competitor. So we have some bowels of compassion after all.

21308. I should say you have a great deal of sagacity as well as bowels of compassion. I think you are acquainted with the West Indian and Atlantic Conference, are you not?—Yes, we are members of it.

21309. Would it be possible for you to communicate confidentially to the Commission the agreement of that Conference?—I am quite ready to do so, but I have been asked by the other members interested that it shall be treated confidentially. As far as I am concerned, you might print it on the first page of "The Times." I see nothing in it. But I make the request out of respect for my colleagues' feelings.

21310. I am only asking if you could communicate it confidentially?—It is here (*handing in the agreement*).

21311. (*Mr. Maddison.*) You told us, I think, that the Indian Government, and perhaps other Governments, put up their freights to auction?—They put them up to tender.

21312. To tender rather; I meant that?—Yes; they invite offers—both the Indian Government and the managers of the railways.

21313. Has each member of the Conference to make a uniform tender?—No; each member of the Conference has not to tender at all unless he likes.

21314. And if he does tender?—He tenders at the same rate as his fellows. But it requires explanation as regards that. No two Conference bodies are under the same conditions, and no two Conference steamers are sailing on the same day to the same port; so, as a rule, only one is tendering.

21315. Only one is tendering?—Yes, the one that is going.

21316. Do Conference boats generally get it?—Sometimes they get it, sometimes they do not. They do not get it as often as they would like. They would like to always get it.

21317. Am I to understand from that that the outsiders get it in the majority of instances?—No, but outsiders get it in some instances. If you had asked me the question twelve months ago, I should have said the outsiders often got it.

21318. What has caused the change?—By taking the outsiders in.

21319. That does not answer my question. Can you give me any evidence upon this question: When you had not taken the outsider in, did he then generally get it?—The outsider went about once a month, and our Conference boats are going almost every day. When the outsider was opposing us and when the opposition was frequent, he very often got it—perhaps half the times he put up. He would get it in the course of the year eight or ten times.

21320. When the outsider was put into fair competition with these tenders for the Government freight, did he as a rule get it?—No.

21321. I think you told us that in the States—in fact, you did—there might be as many as 25 different rates on a vessel?—Yes.

21322. Has that interfered with American trade at all?—I do not know that it has. The trade, you see, is so different to what our trade is. The American trade, of which I am speaking, is the trade to and from New Orleans and Galveston in the Southern States, and there certainly is no attempt ever to regulate fixed sailings as we have them in our Indian trades. The vessel is put on the berth, and she loads and goes away; and she sometimes loads in 4 days and sometimes in 40.

21323. Under that system there has been a great increase in the American export trade, has there not?—I do not think so.

21324. You do not?—No; on the contrary, the American produce to Liverpool this last year is unfortunately very much curtailed. The crops are short.

21325. That is chiefly in cotton, is it?—In cotton and grain.

21326. (*Chairman.*) Are you speaking of the export trade from New York?—I said the export trade from New Orleans and Galveston this last year has been very much reduced, as very little grain has come.

21327. (*Mr. Maddison.*) What about their trade to the Cape, to New Zealand and Australia, and to other Colonies?—I do not know that there is any from that district, except cargoes of pitchpine from Pensacola.

21328. Have you any knowledge of any other port?—I have no knowledge.

21329. You told the Commission distinctly that you would not like conferring with representative bodies?—Yes, I did.

21330. You said you would willingly—and it is your custom—confer with individuals?—Yes.

21331. Is not the Conference system made up of collective representation?—The Conference system is made up of a combination of individuals who compete among themselves.

21332. My point is this: The Conference system is a method of giving collective expression to the shipowners' views?—As to the freight.

21333. If that is so, should not that be paralleled with a collective expression from the shippers?—Yes, but you see, a shipper is quite an undefined sort of personage. Is a man who ships goods in January and does not ship again until October, a shipper? Who are shippers? Under our present system, a man ships

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when he likes and where he likes ; he comes under no contract, he is under no obligation, and at any time he may cease to ship. They are not a body of men who engage to ship a particular quantity at a particular time, or continuously.

21334. But will there not be shippers, merchants, who are doing a regular business from year to year?—There are some ; but they die out and fresh ones start.

21335. That applies to shipowners, too, I suppose—they do die, I suppose?—The ships do not die, I am sorry to say, quite fast enough.

21336. I want to get your views on this: I am assuming that there is a body of shippers that do occasionally die, but yet are in existence for, at any rate, a few years, and the same firms are doing regular trades to various parts of the world ; I only want to know whether you do not think it would be fair and wise to have some collective expression of opinion from them?—I do not think we could get such an expression of opinion.

21337. You do not think you could get it?—No. If I may be allowed to give an illustration about the shippers, I should like to mention a very striking case. One of our vessels was going to Calcutta when the last trouble arose in Egypt. The Suez Canal was blocked, and we called together the identical shippers who were all interested in the cargo. About 50 were summoned, and I dare say half of them came. No two of them could agree as to what should be done. We wanted to know whether the vessel should come and discharge her cargo at Malta, whether she should go round the Cape, or whether she should bring the goods back to Liverpool, or what she should do. They could not agree together. There is no cohesion amongst the shippers.

21338. But you have first to creep and then to walk. That was giving them some rather difficult questions ; but supposing the question was rates, probably the shipper would adapt himself to that more quickly. Could he not have an opinion about rates?—Every shipper has.

21339. Could he not express it in a way that would reach you, in the same collective form that you reach him?—I think that is a question for the shipper.

21340. Supposing such a body in the various trades could be got together, and could express in an orderly and collective fashion their legitimate business views, would you favour such a body?—I do not see why I should. I do not want to create a new body. Why should I favour them?

21341. I want to know why you should not?—Why should I? I am quite satisfied.

21342. Yes, you are?—What I wish to say is that I, speaking as a shipowner, am convinced that 95 or 96 or even 97 per cent. of the shippers—and we have them in thousands ; I can give you figures that will astonish you about the number of shippers—are content, and I am content. Why should we go and upset our households, and all for the sake of this irreconcilable 3 per cent? There is nothing wanting to be done.

21343. (*Chairman.*) I just want to point out to you what Mr. Maddison has said. I understand your answer to one of the earlier questions to be this: You think that the Conference consists of definite shipowners, but that the shippers are not definite and specific persons?—Quite so ; and that they have not the same interests. In the case of shipowners who are bound together in a particular trade, their interests are the same ; their interests are to encourage the trade, and make as much money as they can out of it. The interests of the shippers vary, and one man wants an advantage over another, and so on. Hitherto they have not combined. I may, by the way, say that in a confidential document which your Secretary was good enough to send me, it is recorded that an arrangement has been made in regard to a part of the homeward trade from Calcutta where there was a concrete body to deal with. I think that is the reply to this gentleman's question.

21344. (*Mr. Maddison.*) Except that it struck me that some of the objects the shipowners have are common ones with the shippers ; for instance, to make money and all that sort of thing?—And encourage the trade.

21345. I should think the shipper occasionally has that object?—To make money?

21346. Yes?—No doubt.

21347. All I want from you is, if there could be a merchants' committee in the various Conferences that you are connected with, which could focus their wishes and wants and views, would you or would you not welcome it?—We would pay the greatest respect to it. As to adopting their decisions, that is another matter, but we would pay the very greatest respect to their representations, of course.

21348. Do you think it would be an advantage to the trade, generally?—I do not.

21349. In your 15th paragraph, I think it is, you scout the idea that the Conference system creates a monopoly and prevents what you call legitimate opposition ; do you think that is quite a mistaken idea?—Did I use the word "scout"?

21350. No, I put that word in, in order to shorten it?—I can only say, taking the Calcutta trade as the standard—and that is the one I know most about—there has never yet been an attempt made by an organised firm of shipowners to get into the trade which has failed. The Anchor Line, the Clan Line, the Brocklebank Line, and, more lately, a London Line, are cases in point.

21351. Have you ever known any of these cases where you have not tried to keep them out?—Certainly, we try to keep them out.

21352. Then you try to keep out legitimate opposition?—I do not think opposition is always legitimate. Naturally, I want to attract all the customers to my shop. I am not keeping up an unreasonable position, if I try and persuade a man to come and buy cheese from me in place of going to the man opposite, surely.

21353. Was the opposition of the Clan and the Anchor Lines a legitimate opposition?—In what sense legitimate? Their opposition was legitimate.

21354. You say here, in your 15th paragraph, "The "idea that this system creates a monopoly and pre- "vents what I may call legitimate opposition, is a mistaken one"?—Our Conference arrangements have never yet kept out an organised opposition. Whatever their intention was, as a proof of their effect they have not been able to keep out organised opposition.

21355. Have you known any other Conference where they have been more successful?—Who has been more successful?

21356. The Conference of which you have knowledge?—I do not know any case where a Line has been kept out ; at the moment I do not recall any, but I cannot carry all the systems in the world in my head.

21357. (*Chairman.*) The organised opposition of a Line of steamers is what you have in mind?—Yes. By an organised opposition, I mean a system of sending steamers at regular intervals—not a casual boat, going once and never going again.

21358. (*Mr. Maddison.*) When the Clan and Anchor Lines began their opposition, did you call them legitimate?—I do not quite follow that. It was legal, and, therefore, perfectly legitimate.

21359. You use that very word in the paragraph ; you talk about "legitimate opposition"?—We could not keep them out.

21360. That is not my question. When they began to fight, did you call it legitimate opposition?—We tried our very best to keep them out.

21361. That is not an answer. I want to know from you, when the fight began, whether you regarded it as legitimate opposition——?

(*Witness.*) Really, Mr. Chairman, I do not follow the question. Will somebody define the word "legitimate"?

(*Chairman.*) What Mr. Maddison means is this: There is this sentence in your memorandum :—"The "idea that this system creates a monopoly and pre- "vents what I may call a legitimate opposition, is a "mistaken one" ; now Mr. Maddison wants to know, I think, whether you consider the opposition of a regular Line of steamers an illegitimate opposition, or a legitimate opposition?

21362. (*Mr. Maddison.*) That is it?—I say, certainly ; and it has not prevented them, and we did

not prevent them, coming in. We tried our best and could not.

21363. You give me too much at once. If you will just answer my question, as I put it, I shall be obliged. Was that a legitimate opposition of the Clan and Anchor Lines?—It proved to be so.

21364. Then a thing is proved to be legitimate when you cannot prevent it?—No. A thing is proved to be a legitimate opposition when it is continued for a certain time, and after they had shown that it was legitimate, by going on for 18 months or two years, they were admitted.

21365. (*Chairman.*) By "legitimate" you really mean justifiable?—Yes—a continued opposition.

21366. (*Mr. Maddison.*) Why were they admitted?—Because we found we could not keep them out.

21367. Exactly?—In the meanwhile, I should say that the trade grew, and there was more ground to cover.

21368. Then why did you want to keep them out?—Because there was not enough to go round, and because they took away from us the same trade we wanted for ourselves. We come back exactly to the shopkeeper.

21369. You are getting on all right, are you not?—The trade has grown.

21370. The trade has not grown in eighteen months as much as that, has it?—It is eighteen years.

21371. In the eighteen months of the fight it would not grow like that?—It grew considerably. I confess the main reason we had for admitting them was that we could not keep them out.

21372. When you talk about "casual or guerilla warfare," that does not express what you mean; it is any warfare?—No. I say that our arrangements are such that whilst they will keep out casual or guerilla warfare, they are not able, and have proved themselves to be unable, to keep out organised opposition.

21373. (*Chairman.*) It is only fair to say you draw a distinction between casual ships and regular liners, do you not?—Yes. I say the regular liners have always forced their way in.

21374. (*Mr. Maddison.*) Would you not rather put it that the distinction was drawn for you?—Put it any way you like.

21375. Surely——?—Our Conference arrangements, which, I understand, are challenged, I say in effect have never been able to keep out an organised opposition. That is definite.

21376. Have you tried?—Certainly we have tried.

21377. Therefore, so far as trying is concerned, you make no difference between the regular and the casual steamers?—We oppose everybody at first—or rather they oppose us.

21378. In a word, you do not want any further competition in your trade?—We do not.

21379. If that is the case, this is my final question: Do you think that shipowners can talk in the ordinary terms of buyers and sellers? If you have a monopoly, is it not reasonable that the shipper should want some representative body or some machinery by which he can make his views known?—Yes. I am not objecting to the shipper making a combination; I am only requesting that I shall not be asked to make it. The gentleman has quite misunderstood me.

21380. Then if I understood you, you would not welcome a combination of merchants?—I would not welcome it at all. If they chose to make a combination, I would have to pay respect to them; how could I help myself?

21381. Would you treat with them?—Certainly.

21382. As a collective body?—We have done so.

21383. As a collective body, Mr. Hughes?—We have done so.

21384. Where?—It is recorded in this confidential document. You see here an arrangement has been made from Calcutta.

21385. (*Professor Gonner.*) With the tea people?—Yes.

21386. (*Mr. Maddison.*) With the tea people?—Yes; that is, with a collective body of shippers.

21387. I suppose you would not object to that principle being extended?—Why should I object?

21388. I cannot see why?—I do not think it would be a good system. My contention is—I began by saying so, and I end by saying so—that as far as my knowledge goes, and I am in daily communication with shippers to all these ports, 97 per cent. of them are satisfied, and they do not want to make these combinations among themselves that this gentleman speaks of. If they change their minds and make them, of course we will treat with them—we cannot help ourselves.

21389. (*Sir John Macdonell.*) I gather that you do not want to say very much about South Africa?—I would rather not. I am afraid I have got into trouble already.

21390. I will bear that in mind, but there are one or two questions which perhaps you would not object to answering. Is your Line bound to call only at certain ports in South Africa?—No. We are not restricted to calling anywhere.

21391. You mean you are not prevented from calling anywhere?—No; on the contrary, when we began to send steamers to South Africa, our intention and desire was only to go to Natal on the way to India to load back; but the Conference people of the day made a condition that we should go to Cape Town, Algoa Bay and Port Elizabeth.

21392. I am much obliged to you for that explanation. You are not merely free, but you are required to call at the various South African ports?—Yes.

21393. You have mentioned that in your view the discontent, such as it was, in South Africa, was a purely personal quarrel?—I do not know that I am fully qualified to form an opinion, but as far as I know of the subject, that is certainly how it has always struck me.

21394. May I ask who were the parties to the personal quarrel?—I understand there are reporters here. I do not like to mention names.

21395. If you tell me you do not want to mention names, that is enough?—I do not mind telling you.

21396. That is enough. Do your vessels call at Port Elizabeth, at East London, and at Durban on their way to India?—As a rule they load home from India. They go to Beira, Delagoa Bay, and the Mauritius, and then they generally go on to Bombay or Calcutta or Burma to load home. That is the ordinary voyage.

21397. In their home-coming do they take, as a rule, cargoes which have come from India and from various Eastern ports?—Yes.

21398. Do they, as a rule, leave the South African ports empty? Have they obtained either a whole cargo or part cargo in an earlier part of the voyage?—They leave South Africa, with some very rare exceptions, with absolutely nothing in the ship. We have brought one or two parcels of ore away.

21399. It is my fault that I have not made my question clear. In returning home, have they loaded up either wholly or partly in India or elsewhere?—Certainly; in coming home to England.

21400. Then having loaded up, do they take, at Durban, or at Port Elizabeth, or at East London, some small additions to their cargo?—No. They come home by the Suez Canal.

21401. That is what I wanted to get at; do they return by the Cape?—In five years we have had one ship coming round the Cape—she is coming now from the Mauritius. She goes to Durban and gets coal, and comes round the Cape home to London. That is once in five years.

21402. Then your ships do not on their homeward voyage, as a rule, touch at the South African ports?—No.

21403. You mentioned, in answer to one Commissioner, that one reason why you objected to the entrance of outsiders was that there was not enough trade to go round; is that true of the South African Conference?—At this moment?

21404. Yes?—Certainly.

21405. And has it been always?—No, it has not always been so. That was why we were allowed to go in ourselves.

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21406. (*Chairman.*) I beg you pardon, I did not catch that reply?—Our advent into the South African trade was simply due to the fact that it was at a time when large quantities of cargo were going, and several merchants who were in the City of London invited us to carry cargo to Natal particularly.

21407. (*Sir John Macdonell.*) Was that during the War, or after the War?—It was in May, 1902. We expressed our willingness to go, and then we approached the Conference. After some very little discussion, the managers of the Conference admitted that there was this need for tonnage, and said we might be allowed to go, but they made a condition that we should go to these other ports mentioned—Cape Town, and so on. They would not allow us to confine ourselves to Natal, but we should go to other ports and we should bring no homeward cargo.

21408. That was a stipulation?—That was a stipulation. They made no difficulty at all about our coming into the trade; they said we should ourselves become members of the Conference, but we should also call at all the African ports, and we were not to take any homeward cargo.

21409. That is a provision so far as you are concerned in the contract?—Yes, it is.

21410. You are debarred from taking any homeward cargo?—We take no homeward cargo, and we do not want to take any homeward cargo.

21411. At all events, there is a clear prohibition of your taking a ton of homeward cargo from South Africa?—Scarcely a ton; it might allow us to take one or two hundred.

21412. You do not ship it, at any rate?—No.

21413. Does that disability affect any of the other members of the Conference?—Not to my knowledge. There are certain other members who do not appear to load there, but what restrictions there are I cannot tell you; I do not know whether there are restrictions or not.

21414. You know so much about the matter that perhaps you will tell me, if you can recollect, what are the companies which do not appear to load homeward——

(*Witness.*) Excuse my asking a question of the Chairman. I understood that the South African Conference agreement was to be submitted to you?

(*Chairman.*) Yes.

(*Witness.*) In that case, you will have more information than I have.

21415. (*Sir John Macdonell.*) At any moment, tell me, please, that you would rather not pursue this?—I would rather not pursue it at all, if you consider my feelings.

21416. There is one question I feel tempted to put, and it is this: You stated that at the time when you joined the Conference, in your judgment, there was ample trade to justify your entrance; has that state of things continued since that time?—It has completely changed.

21417. And at the present time, and for some time back, there is, to use your own phrase, not enough trade to go round?—Quite true.

21418. Is the state of things this, that there not being enough trade to go round for the four or five members of the Conference, that insufficient trade has to pay dividends to the various members of the Conference?—It does not pay dividends.

21419. It does not?—No.

21420. At all events, the four or five members have to get a living, or to endeavour to get a living, out of a trade which is not enough to go round?—Many of them have reduced their sailings; and then of course, looking to the future, they cannot disorganise a service for an occasional bad time—they must live through it.

21421. In your judgment, at the present time are there too many ships in the South African trade for the trade?—There are more ships than can get cargoes.

21422. And have there been so for some time?—For some months.

21423. Would you limit it to months?—I would.

21424. Why do you do so?—It is only during this year, and during the last three or four months, that we have felt it, at any rate.

21425. I am not speaking of seasonal fluctuations in the South African trade, I am taking one year with another?—It is in the last three months, as far as my experience goes, but I have told you from the first that that experience is a very small one. It is in the last three months that the trade has fallen off so considerably, and there are already signs of a revival.

21426. (*Lord Inverclyde.*) There is a circular which has been put in, headed "Harrison Line," which seems to be rather different from the other circulars. It says, "Paris to all ports on the west coast of America. "Bonus of 5 francs per ton of 40 cubic feet or a "thousand kilos"——?—That is the French alternative rebate.

21427. "Conditions: Payable only to commission "merchants of Paris who forward their goods through "the medium of the agents in Paris"?—Has that circular the name of Currie, at Havre, at the bottom of it?

21428. There is no name on it at all?—That is a circular applying to the shipment of French goods. The system in France is different. They have not got this deferred rebate system, but they pay a periodical bonus. I forget how they describe it, but they have some French term for it.

21429. Is this bonus really the same as the deferred rebate?—Yes.

21430. (*Mr. Maddison.*) In answer to Sir John Macdonell, you said you were not quite sure whether that restriction, as to not carrying homeward cargo, applied to other members of the Conference?—To some of the members.

21431. Are not all such conditions always known to all the members of the Conference, as between one and the other?—No, not necessarily. The only conditions I know are what concerns my own firm—in that respect, at any rate.

21432. Then the conditions as between certain members of the Conference are not known to others who are not concerned?—That particular condition is not known to me.

21433. (*Professor Gonner.*) Is there a homeward rebate in the Mexican and Cuban trade?—The only rebate I have any knowledge of is a rebate from Cartagena (which is in the State of Colombia) to Europe, and from Curacoa, Bonaire, and Oruba (which are three places in Venezuela) to Europe. But that has very little to do with English steamers, because nearly all the cargo from those places goes to Germany—to the Continent.

21434. In the trade from Mexico, for instance, there is not a homeward rebate?—There is not.

21435. But from these particular places that you have mentioned, there is apparently a local rebate?—That is for divi divi, which is some curious dyeing stuff. It is a very small trade, and it does not affect us in England.

21436. It is quite a special and local matter?—Yes. It applies more particularly to the Germans. Might I interpolate one observation of my own in reference to Mr. Bibby's evidence, which I heard? We are engaged in Conference with a Dutchman from Amsterdam, who has a very funny name, a Frenchman, a Spaniard, an Italian, and a German. From long association with these gentlemen, I am quite certain that they honourably fulfil their engagements. There was a suggestion made that foreigners might not be very particular in keeping to the rates and terms and so on. Our experience at Liverpool is, that they are quite as honourable as any English company. Then someone wanted proof about differential railway rates. I had—I did not bring it with me—a paper given to me at the Embassy in Paris last week—a circular issued by the French State Railways—showing a special reduced rate for a French Line of steamers from Bordeaux to Liverpool, and exclusively confined to French steamers. There can be no possible doubt about the existence of it. I am much obliged for your courtesy, gentlemen.

Mr. ALLAN CAMERON, called and examined.

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21437. (*Chairman.*) You are the General Traffic Agent of the Canadian Pacific Railway, and your attention has been directed to some evidence which has been given before this Commission regarding inland railway rates?—Yes.

21438. You have prepared a short statement on the subject for our use, I believe?—Yes.

(*The witness handed in the following statement.*)

I am General Traffic Agent of the Canadian Pacific Railway for Great Britain and Europe, and in view of some evidence submitted, regarding inland rail rates, desire to appear before the Royal Commission on Shipping Rings and give evidence regarding the rail rates from landing port in Canada to points in Canada and to points in the United States.

1. All railway freight rates to and from points in Canada published or granted to shippers by the railway lines are required by law to be concurred in and filed with the Railway Commission of Canada at Ottawa.

2. All railway freight rates from points in Canada to points in the United States are required to be concurred in and filed with both the Railway Commission of Canada at Ottawa and the Inter-State Commerce Commission of the United States at Washington.

3. All railway rates thereby become legal rates, and any deviation is illegal.

4. Discrimination in rates favouring one section over another is not probable.

5. Following is a statement of import rates applying on crockery, dry goods, and carpets from both Montreal and Boston to some of the principal points in Canada and in the United States:—

FROM MONTREAL.

Commodity.	To Toronto. C.p. 100 lbs.		To London. C p. 100 lbs.		To Windsor. C.p. 100 lbs.		To Detroit. C.p. 100 lbs.		To Chicago. C.p. 100 lbs.	
	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.	C.L.	L.C.L.	C.L.
Crockery ..	20	16	21	18	21	20	27	21	32	22
Dry Goods ..	36	36	40	40	46	46	51	51	59	59
Carpets ..	36	36	40	40	46	46	51	51	59	59

FROM BOSTON.

Crockery ..	22	18	25	20	19	20	29	21	38	28
Dry Goods ..	38	38	42	42	48	48	54	54	70	70
Carpets ..	38	38	42	42	48	48	54	51	70	70

21439. (*Chairman.*) Do you refer chiefly to the evidence of Colonel Smith Park?—No, not Colonel Smith Park, but Mr. R. Grigg, who gave evidence on February 25th.

21440. I see you say, "All railway freight rates to "and from Canada published or granted to shippers "by the railway lines are required by law to be "concurred in and filed with the Railway Commission "of Canada at Ottawa." I do not quite understand the first words of that paragraph—I dare say it is my fault—"all railway freight rates to and from "Canada"?—I beg your pardon, but there has been a point which has been left out there through a typographical error. It is "to and from points in Canada."

21441. Do you mean the railway freight rates from one place in Canada to another place in Canada?—Yes; and also railway freight rates from a point in the United States to a point in Canada, on that portion from the boundary line to the point of destination.

21442. They are required to be concurred in and filed with the Railway Commission of Canada?—Yes.

21443. What is the Railway Commission of Canada; is it something like our Railway Commission here?—It is a Government body appointed for the purpose of controlling railway questions.

21444. And they sanction these railway freight rates?—They sanction them by their acceptance.

21445. Then you say, "All railway freight rates "from points in Canada to points in the United States "are required to be concurred in and filed with both "the Railway Commission of Canada, at Ottawa, and "the Inter-State Commerce Commission of the United "States, at Washington. All railway rates thereby "become legal rates, and any deviation is illegal"?—That is so.

21446. Then you go on to say, "Discrimination in "rates, favouring one section over another, is not "probable"; by that, I suppose, you mean that the Commission would not sanction it?—The Commission would not sanction it.

21447. Then you give a statement of import rates applying to crockery, dry goods, and carpets from both Montreal and Boston to some of the principal points in Canada and in the United States. I do not know whether your recollection serves you sufficiently to tell me how this statement of yours contradicts what Mr. Grigg has said. Do you remember the passage in Mr. Grigg's evidence; have you got it before you?—It is at Question 15949.

21448. Is this what you mean—"One other question "on another subject: You say, 'I am informed that "'much lower rates than those shown in the list are "'accepted for goods not of British origin, and also "'for goods consigned to United States points, even "'where they pass through Canadian territory to reach "'destination'"?—That is the question.

21449. I see Mr. Grigg says, "That particular point "is mentioned in a letter which I have just received "from a shipper. He takes Detroit, which is directly "opposite the Canadian town of Windsor, but across "the river, half-a-mile or so. He says that there is "just about 50 per cent. of difference in the rate of "freight as between Detroit and Windsor," and so on. In answer to that, you say, as I understand, that all such freights really must come before the Commission, and must be sanctioned by the Commission?—They must come before the Commission, and become legal rates by their acceptance of the same.

21450. It is the fault of the Commission, therefore, if there does exist any unjust discrimination?—Yes. In this statement I have submitted rates to show that the difference stated in this evidence does not exist in so far as a railway rate from the landing port to those two points is concerned.

21451. (*Sir Alfred Bateman.*) As regards those rates, is it not true that there is a through rate quoted to a shipper from this country, say, to Montreal or to Toronto?—Taking those two points, yes. The rate to Montreal——

21452. Liverpool to Montreal, say?—That rate is just an ocean rate. A Line from Liverpool to Toronto will quote a rate there, that is, will make a combination of the two; and that is the import rate from Montreal to Toronto *plus* the ocean rate.

21453. When you go to the Railway Commission, do you show them the whole rate, or do you show them only part?—The import rate only.

21454. So that you might reduce the ocean rate, or increase the ocean rate, compared with what it would be to an American port and an inland point from there, say, Chicago?—Yes, that can be done.

21455. Without any interference from these bodies?—Without any interference at all from these bodies.

21456. So that, possibly, this difference may arise in that way?—Not to the extent of 50 per cent. on the through rate; that is not possible.

21457. How much per cent. could it be?—It would largely depend on the commodity itself what the combined ocean and railway rates would make.

21458. The proportion of ocean rate in that rate might vary, I suppose?—Yes, exactly so. For instance, dry goods, or fine goods, as they call them, would take an ocean rate of 15*s.*, and that has gone as low in competition as 7*s.* 6*d.*; but a heavy-weight staple commodity may only take an ocean rate of 8*s.*, and there is not the same margin for cutting there

21459. Do the two Railway Commissions act on something like the same lines, the one in the United States and the one in Canada?—Practically on the same lines.

21460. That is, in desiring a reasonable rate?—Yes.

21461. Do they care so much about the rate being reasonable, that is, not too high, as that one rate should not be unfair as compared with another rate?—The primary object of that body is to prevent unfair rates and discrimination in favour of large shippers.

21462. And yet they do not have before them the shipping rates?—They have them.

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21463. Do they file them?—We have to submit and file all tariffs with them, and the requirements are, that a tariff or a rate that is made for anybody requires to be published, and it requires 30 days from the time it is filed with the Commission before the rate can be made effective.

21464. That is the railway rate?—That is the railway rate I am referring to.

21465. They do not require that in regard to the shipping rate?—They have nothing to do with the ocean.

21466. Can you tell us anything about what are called blanket bills of lading, and the rates on them?—Yes.

21467. You do not encourage blanket bills of lading, do you?—We do. We are inclined to think, at least, I am inclined to think, that the question has got a twist on it, that is, the information that has been given before you has got a twist, a turn, that is not intended. May I read from the first words of our regular tariff to show you what I mean? The question of blanket bills of lading has no bearing whatsoever in regard to inland carriage. Under the rules and conditions under which the Lines are working in the Canadian trade, we have a minimum charge on a bill of lading, by which shipments are carried on a valuation of £10 10*s.* at a basis of 10*s.* 6*d.* for the ocean. Then it goes on, according to the increased valuation and according to the carriage to the interior, up to 21*s.* as a minimum charge for the issuing of a single bill of lading. Then there is this about blanket bills of lading—"Parcels and packages for different consignees, shipped on one bill of lading and consigned "to an agent in Canada for distribution, may be taken "at the following rates." The rates that are given there are higher than the ordinary current rates for these same commodities. The object of the blanket bill of lading is to enable forwarding brokers in Great Britain, or big houses who have a number of clients who wish to make small shipments and small parcel deliveries to consignees in Canada, to marshal these consignments on one bill of lading, avoiding thereby the minimum charge of 10*s.* 6*d.* or 21*s.*, as the case may be, on each one of those boxes, consigning them through to their agents, and then distributing them through the country. There is no idea or intention on the part of the steamship Lines in putting this clause in concerning blanket bills of lading to in any way restrict a man from shipping in car-load lots. The only restriction on car-load lots that the railways require is, that they shall be from one shipper to one consignee on one bill of lading.

21468. If they were all to an agent to be distributed by him, it would pass, I suppose?—Certainly.

21469. But they must not go to separate consignees on one bill of lading?—No. It must be one bill of lading to one consignee. The blanket bill of lading means the same. The lower clause here explains it fully; it says, "No individual consignment on a "blanket bill of lading need be charged more than the "authorised maximum charge, as if shipped on a "separate bill of lading."

21470. Not more, no—I can understand that—but they want to get it at less, do they not?—That is the object of it. Each one of these particular packages may be only two feet long and may only weigh 20 lbs., and yet it would be charged 10*s.* 6*d.*

21471. Still, the whole consignment makes up a car-load?—It has never come to a point where there was such a shipment under this clause; it has never been a question on a blanket bill of lading of making a car-load.

21472. Not in regard to a whole consignment, but has it not been the case with a number of consignments?—Not under this clause. In a case of that kind, it would not be a question of a blanket bill of lading. One shipper would make one shipment on a bill of lading, and come back into the body of the tariff, where rates are lower than they are under this requirement, and the car-load rate would be granted.

(*Chairman.*) May I ask the members of the Commission to consider whether this subject is not somewhat removed from the subject of Shipping Conferences and Agreements?

(*Professor Gonner.*) The only point in it seems to me to be this, it was alleged that, owing to the relations between the railways and the shipping companies, discriminating rates were granted, and I understood that Mr. Cameron came here in order to rebut the particular point that there was any discrimination between the different routes.

(*Mr. Barry.*) Mr. Grigg's evidence, I understood, went to show that the Canadian merchant was at a considerable disadvantage as compared with the merchant of Detroit or Chicago, who had his goods hauled three or four times the distance for about the same money.

21473. (*Professor Gonner.*) The only point is this, Mr. Cameron: You have pointed out in your statement that your rates have to be filed, and, as you say, concurred in; but you have, I understand, said to Sir Alfred Bateman that in the case of a rate which is partly a railway rate and partly an ocean rate, the net result might be a differentiation in favour of the American place rather than of the Canadian place?—Yes.

21474. And that the Legislative Commission could not interfere so far as the ocean rate is concerned?—As far as the ocean rate is concerned, neither of them could.

21475. Only you do not consider that the difference would be nearly so great as that which he stated?—Nothing like it.

21476. I suppose you would justify the difference, if difference there be, by the actual exigence of competition—you could not help yourselves?—It must depend on the conditions which surround it.

21477. (*Mr. Maddison.*) In regard to the through rates that you quote, do you always confine the sea part of it to lines working in conjunction with the Canadian Pacific?—Pardon me?

21478. You quote through rates, we will say, to Montreal; part of the journey is on the ocean, of course?—Yes.

21479. You have to get the rates from the shipowners?—Yes.

21480. Do you always confine your sea carriage to a certain set of lines?—Are you speaking to me as a sea carrier or as a rail carrier?

21481. You combine it when you have a through rate, do you not?—We combine it. It is then the ocean rate *plus* the inland rate. Whether the ocean carrier is a member of a Conference or not, the inland rate is a published rate and open to anybody who likes to employ it.

21482. But when you quote these through rates—that is what I am still thinking about—do you always quote your rates and send your goods by a certain set of steamers in a Conference or in conjunction with you?—It so happens that we do, because there is no outsider. You understand that our through rates are a combination of the two added together?

21483. Quite so. You say there are no outsiders?—There happens to be no outsider.

21484. And that is the only reason you do not seek rates anywhere else?—Yes.

21485. (*Mr. Barry.*) I suppose one of the reasons why the rates to Chicago are comparatively so much less than to London or to Windsor is, that in the United States you have a great many Lines competing for traffic?—That is true.

21486. Whereas to London and Windsor, I presume, there are probably not more than two Lines competing?—The rates to Chicago, on a basis of mileage, of course, are less than they would be to London or Windsor.

21487. And the main reason, I suppose, for it is the keen competition amongst the American railways?—That basis is carried pretty well all through the country. It does not necessarily follow that the keen competition makes that comparative difference between the rate to London or Windsor and the rate to Chicago.

21488. The greater the haulage the cheaper the rate; is that the standing principle?—Per mile, yes.

21489. In regard to the position of the Canadian merchant, although the goods are carried at a comparative'y lower rate to Chicago, those goods do not in any sense compete and cannot compete with the Canadian merchant's?—No.

21490. They are sold on an entirely different market?—Yes.

21491. One word about the ocean proportion of the rates. As I understand, goods going on a through bill of lading to Canada or the United States may enter at Montreal, or St. John's, or Boston, or New York?—Going to a point in the United States?

21492. Going, say, to a point in the United States or to a point in Canada, they may enter at any of those points?—Yes, they can.

21493. Dealing only with the ocean proportion of the rates, what is the difference, if any, between the ocean proportion of the rates on those various routes?—Those that I have mentioned.

21494. I did not quite catch what is the difference?—The difference between the commodities that I have mentioned.

21495. Take any class of commodities, and take these four routes?—Between the several routes?

21496. Yes?—If the goods are destined to Canada, the rates on the ocean are practically the same, with the exception that the fast steamers into New York, as a rule, ask a slightly higher rate; but the rate viâ Boston, St. John's, and Halifax in the winter time, or Montreal, is identically the same.

21497. The only difference is as regards the ocean proportion of the rate on fast steamers going to New York?—Fast steamers to New York at times ask for a higher rate.

21498. You have stated, that this Commission, which exists in Canada, fixes a reasonable rate; are you sure of that?—I do not know that I said "reasonable "rate."

(*Sir John Macdonell.*) You used some such expression as that the Commission fixes the rate.

(*Chairman.*) It is required to concur in the rate; that was the expression.

(*Sir Alfred Bateman.*) I think I asked you whether it was a reasonable rate?

21499. (*Sir John Macdonell.*) You are familiar, no doubt, with the legislation in America on the subject; by what is called the Hepburn Act there is power to fix rates; is there any corresponding legislation in Canada?—I am not sure whether they have power to start in and fix the rate; but they do have power to control or reduce in regard to a rate, which the Lines always respect, and always have to respect.

21500. With reference to whether or not there is discrimination or undue preference?—They have the power to act in the event of discrimination or undue preference.

21501. But you are not able to tell me whether there is in Canada legislation corresponding to the Hepburn Act, enabling the Railway Commission to fix rates?—I could not tell you exactly, but the power of the Railway Commission is very closely the same as that of the Inter-State Commerce Commission in Washington.

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21502. (*Chairman.*) What you say is that all railway freight rates "are required by law to be con-"curred in and filed with the Railway Commission"?—Yes; the railway rates are.

21503. In order that the Commission may sanction them?—Yes, they are sanctioned—that is the word. The railway rates are drawn up as a rule by the Railway Companies.

21504. (*Lord Inverclyde.*) The Canadian Pacific Railway Company are owners of Atlantic steamers, are they not?—They are.

21505. Do the steamers give deferred rebates?—We do in certain parts of the trade.

21506. Only on certain rates?—Only on certain portions of the trade.

21507. Is that in combination with other shipowners?—It is in combination with the other shipowners.

21508. Who are the other shipowners?—The members of the North Atlantic Freight Conference.

21509. Who goes to Canada in the Conference?—There is the Allan Line, of Glasgow, Liverpool, and London; the Dominion Line, of London, Liverpool, and Bristol; the Manchester Liners, of Manchester——

21510. Are the Manchester Liners in the Conference?—They are in the Conference.

21511. How long have they been in?—I could not say exactly. They have been in for four years, if not more.

21512. I think you are mistaken; I think we have had evidence here that the Manchester Liners were not in the Canadian Conference; but if you are certain of it, it is probably all right?—It is down here on this sheet. Then there are the Donaldson Line and the Thomson Line.

21513. Do the Canadian Pacific Railway Company give their own steamers any preference over the steamers of any other Lines?—None whatever.

21514. The same rates are open?—Yes, to all Lines.

21515. Apart from rates, is there any other advantage which the Railway Company give their own steamers?—Nothing. It is only a question of wharfage facilities and the placing of cars. That is open to them all. The Railway Commission take care of that feature, too. Switching charges, or wharfage charges, and all terminal charges, are placed in the tariff, and filed with the Commission, and are open to any steamer that comes in with cargo.

21516. You do not take a lower ocean rate (with which this Railway Commission has nothing whatever to do), so as to secure the traffic to your Railway Line?—No. We are under agreement with the other Lines to maintain these rates on the ocean.

THIRTY-SIXTH DAY.

Tuesday, 2nd June, 1908.

PRESENT:

The Right Hon. ARTHUR COHEN, K.C., *Chairman.*

The Hon. C. N. LAWRENCE.
Sir W. T. LEWIS, Bart., K.C.V.O.
Sir A. E. BATEMAN, K.C.M.G.
Sir JOHN MACDONELL, C.B.
Mr. J. BARRY.
Professor E. C. K. GONNER.
Mr. F. MADDISON, M.P.
Mr. OWEN PHILIPPS, M.P.
Mr. OSWALD SANDERSON.

Mr. J. A. WEBSTER, *Secretary.*

Mr. WILLIAM JOSEPH NOBLE, called and examined.

21517. (*Chairman.*) You are a partner in the firm of Messrs. Cairns, Noble & Co.?—Yes.

21518. Your partner, Mr. Cairns, is not able to come here to-day?—That is so.

21519. So that you are giving evidence, I take it, on behalf of the firm?—On behalf of the Baltic and White Sea Conference, really.

(*The witness handed in the following statement.*)

Mr. W. J. Noble.

2 *June* 1908.

1. The Baltic and White Sea Conference is an International Association of Shipowners formed in February, 1905, for the purpose of arresting the ruinous competition on a low market then prevailing. This was effected by formulating minimum rates of freights for wood cargoes from the Baltic and White Sea.

Mr. W. J. Noble.

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There are no penalties upon members nor any inducement offered to merchants to favour Conference vessels.

2. The plan succeeded in 1905, and after that year minimum "asking" rates only have been formulated, reliance being placed upon owners not accepting lower rates, unless at the last moment they could not do otherwise.

3. The other primary motive in forming the Conference was to try to put a stop to speculating on the part of shipbrokers, a practice which had increased upon a large scale. Brokers operating in this way, in their own interests had to "bear" the market at the same time as the owners were trusting them as their confidential agents.

4. The effect of publicly condemning such practices has been very salutory and has reduced the evil.

5. Another important function of the Conference is the successful adoption of a uniform coal charter-party from all coal ports in the United Kingdom to Baltic and White Sea ports. This has put an end to some unreasonable conditions of contract, which were the means of secretly or openly imposing heavy expenses and hardships upon the shipowner. It has restored to an owner the control of his property and interest in foreign ports.

6. There is much other work of a similar character done, all tending by means of information and co-operation to put down abuses and make business cleaner and conditions, generally, more equitable, whilst, at the same time, having intelligent regard for the needs and facilities of modern commerce and its future expansion.

21520. (*Chairman.*) In what relation do you stand to the Baltic and White Sea Conference?—My partner is Vice-President, and we, as a firm, are members of the Conference.

21521. That is an International Association of Shipowners, formed in February, 1905?—That is so.

21522. It has a total tonnage of 2,523,166 tons?—That is so.

21523. How was that Conference formed? Is there any agreement between the members?—There is no binding agreement, but there is a code of rules, which I have here and can leave with you.

21524. You have no objection to produce that code of rules?—None whatever.

21525. Does the Association consist of British and foreign shipowners?—Yes.

21526. It is not a registered association, I understand?—No; it is purely a mutual corporation.

21527. About how many members are there?—I am not sure that I could give you reliably the number of individual members, but I will supply it to you. The tonnage, as I have said already, is over 2½ millions.

21528. For what purpose was the Association originally formed?—The primary object, as set out in these rules, which I shall leave with you, was to unite steamship owners engaged in the Baltic and White Sea trades, in order to minimise and regulate competition, and to endeavour to put a stop to the deleterious practices of freight speculation by brokers.

21529. What do you exactly mean by that expression "to put a stop to the deleterious practices of freight "speculation by brokers"?—A practice has grown up amongst a certain class of shipbrokers, who take cargoes on their own account, and whilst posing as the shipowners' agents are really, in fact, principals, and seek to make a profit as between the shipowner and the merchant; in other words, they are occupying a false position in posing as agents of the shipowners while they are really the principals in the transaction.

21530. Are there many brokers who act in that way?—There have been a very considerable number, but by making it public we are getting them gradually reduced.

21531. Your second object, I see, is to improve charter conditions?—Yes.

21532. Do the members of the Association generally adopt the same form of charter?—We have recently adopted a uniform charter.

21533. Your third object is to communicate to members instances of unfair charges and claims and objectionable practices which come to the knowledge of the Association?—Yes.

21534. Then, fourthly, the object of the Association is from time to time to formulate minimum rates of freight as required?—Yes.

21535. A word about that; do all the members of the Association charge the same rates of freight?—As far as they can, but there is no binding arrangement at all. In the first year of the Conference this tariff was prepared, without any penalty attaching to the owners if they did not get it, and without any inducement being offered to the merchants to give their cargoes to members of the Conference. I can hand in a copy of the tariff.

21536. In fact, are the same rates of freight generally charged?—I am afraid not.

21537. So that there is competition amongst the members of the Association as regards rates of freight?—There is very acute competition.

21538. The real object of your Association was to arrest the competition on a low market which then prevailed in the year 1905?—Yes, but not to arrest it by any binding agreement—simply by meeting in friendly conference and urging each other to hold out for what after all were the minimum payable rates. This scale was drawn up on what the members considered a scientific basis, showing the relative freights that should be charged for different ports, and it was more for the general guidance of the members.

21539. Any member of the Association can leave it, I suppose?—Absolutely, at any time.

21540. Apparently, the main object of this Association, therefore, is to enable shipowners who are engaged in the same trade to consult together?—That is substantially it—and to co-operate for the removal of known abuses.

21541. Whatever competition there may be now, I hope it is not as ruinous as it was in the year 1905?—I am afraid it has gone very much back to the level of 1905.

21542. Then, if that is so, it is difficult to see of what use this Association really is, as far as the shipowners are concerned?—The use has been, as I suggested a few moments ago, that we have now got our form of contract into a very much better condition.

21543. That is one thing that has been done?—That is a very important thing that has been done. A new charter has been established which is now the basis of contract between merchants and shipowners for carrying coals from the United Kingdom to the Baltic and White Sea. Furthermore, as a result of this Conference, there is now published monthly a circular giving most valuable information to all members, guarding them against evils at various places, and, generally, keeping them posted as to important facts which would be of interest to them.

21544. Do you adopt one and the same form of bill of lading?—For the coal cargoes outwards to the Baltic, yes.

21545. I suppose there are a great many merchants engaged in these trades, are there not?—A great many.

21546. Have they formed any Association?—They have recently, I think, got one fairly well formed—what they call the Coalowners' Defence Association.

21547. Does your Association consult with that other Association?—This uniform charter party was the result of conference with them or rather with merchants who ultimately formed the Association.

21548. So that really the main object which your Association has attained has been attained by communications between your Association and the Coalowners' Association?—The fundamental principle which we work upon is to carry the merchants with the shipowners as far as ever possible in the drawing up of documents.

21549. Are your rates of freight at all arrived at after consultation with the Association or combination of merchants?—No, not the rates of freight.

21550. Have they sometimes complained of your rates of freight?—Yes. They would not be human if they did not.

21551. If they do, are there not meetings of the two Associations?—No, not to discuss rates of freight at all. If you will glance at the tariff, you will see what

a tremendous ground it covers. It would be a physical impossibility to have Conferences with all interested.

21552. I see from the little booklet giving your code of rules, which you handed in, there is a registered office of the Association in Copenhagen?—Yes. The headquarters are in Copenhagen, and a small committee of Copenhagen shipowners really represent the great body of the members for executive purposes.

21553. The second paragraph of the document on which your Association is founded (and which is printed in this little booklet) sets forth the object of the Association?—Yes.

21554. I see there is a power given to make calls on the members?—That is so.

21555. Then there is a board of directors, and article 9 defines the power of the board of directors. Then article 10 is of some importance: "Members must give "notice through the corresponding members to the "secretary of any revision of freight tariffs and "shipping documents which it is proposed should be "made"; and then they are to be submitted to the Board of Directors?—Yes.

21556. But, as you said before, this Association is not registered either in Denmark or in England?—That is so.

21557. The other little book which you have handed in, I see is entitled "Original Minimum Freight "Scale of 1905"?—Yes.

21558. That was revised at the Copenhagen meeting in the November of that year?—That is so.

21559. Have the freights been very much altered since, or do the freights here mentioned represent the freights which are now charged?—Substantially they do. For a period we were able to get from 10 per cent. up to 20 per cent. advance; but the idea was to let every shipowner know that it was about the lowest figure that it would pay any steamer to take the business at; as the market improved, then they were, naturally, to try and get a higher freight.

21560. Just give us some idea of the extent to which freights have been raised since 1905?—Do you mean as a direct result of this?

21561. No, but to what extent they have, in fact, been raised. Take the freights from the Tyne?—I have not got that list with me. Of course, there are many things that contribute to an increase in rates; let me take one for example.

21562. Coal, say?—There were a great many outside influences there, and the coal freights to the Baltic advanced as much as 50 per cent.; but that, I am afraid we cannot take credit for as the Baltic and White Sea Conference.

21563. The freights, as you say, are not arranged between the Shipowners' Conference and the Merchants' Association at all?—Not as between the Associations. It is entirely a matter for individual contract between the individual shipowner and the individual merchant.

21564. Do all the shipowners charge the same freight? But first tell me what cargo is generally shipped on board the ships?—Generally coals to the Baltic and wood goods home from the Baltic; and one merchant, as a rule, takes up an entire ship.

21565. I was going to ask about that?—I thought your mind was running on the idea of part cargoes.

21566. So that in general, your ships are chartered by one merchant?—By one merchant, or, on occasion, by one man representing two or three merchants.

21567. Of course, you have nothing at all like the system of deferred rebates?—No.

21568. And the Conference has nothing to do with them?—It is absolutely foreign to the scheme of the Baltic Conference—altogether.

21569. So that it comes to this, that you have formed an Association of Shipowners for the purpose of consulting together, of introducing uniformity so far as you can, and of communicating to shipowners especially what experience has shown to be the minimum rates of freight?—Quite so.

21570. I think you have summed up what I have just said in the sixth paragraph of your statement: "There is much other work of a similar character "done, all tending by means of information and co-"operation to put down abuses and make business "cleaner and conditions generally more equitable, "whilst, at the same time, having an intelligent "regard for the needs and facilities of modern com-"merce and its future expansion"?—That is so.

21571. (*Sir Alfred Bateman.*) I do not quite understand what proportion of the shipping engaged in the trade your Association represents. Do you represent a half?—I should say rather more—probably 75 per cent. I should say that, but I would not give you that quite absolutely.

21572. You have no sailing vessels in your Association, have you?—No.

21573. I suppose there are less sailers every year in your trade, are there not?—That is so; and in every other trade, too. I believe the origin of this Conference really was that there was an organisation amongst the sailing shipowners. The sailing shipowners of Norway and Sweden, I think, tried to form an association of this kind, and I rather think that that was the origin of the steam shipowners starting this scheme here.

21574. It gave you the idea?—It gave us the idea.

21575. In paragraph 5 you say, "It has restored "to an owner the control of his property and interest "in foreign ports"; do you mean there, the shipowner?—Yes.

21576. I do not quite understand that; perhaps you will kindly explain it to me?—I should illustrate that best by one clause, which Mr. Owen Philipps, I think, will appreciate. In the old form of charter, the merchant insisted upon his own broker, that is, insisted that the man who is acting for him should also act for the shipowner. We felt all along that it was absolutely unfair that we should not have an independent man to look after the steamer's interest at a foreign port. That was one of the things we managed to get deleted from the old form of contract. There are a number of other things, such as the excessive charges for stevedoring which the merchants made a profit out of, which we felt were not a part of their duties at all.

21577. I understand you have nothing to do with rebates, immediate or deferred?—That is so.

21578. And that you do not have competition from Lines that have rebates?—Not to anything like the same extent as in many other trades. There are, of course, Lines running from the Baltic, but I am not sure that any of the Lines there have the rebate system; I cannot speak with absolute certainty upon that point, but I hardly think they have.

21579. Your evidence is mainly interesting to us as showing that there is a shipowners' association which does business with another association formed of coal owners and others?—That is hardly another association. I think the value of that Conference is, that it shows what friendly combination can do to remove abuses and to strengthen each other's hands in maintaining a reasonable remuneration.

21580. (*Professor Gonner.*) That is only with regard to coal, of course; have you had any similar negotiations with regard to the timber homewards?—The uniform charter it is quite true, only applies to coal; but these minimum rates and the general Conference are more applicable to timber home than to coal.

21581. Has there been any association of the shippers of timber home, as there has been an association of the shippers of coal outwards?—I do not know.

21582. You have not had negotiations with such an association?—No. There is a Timber Association, I understand, but we have not been in contact with them at all.

21583. The friendly negotiation to which you refer, only governs outward coal, and it does not govern the inward timber, as far as your Association goes?—That is as far as the contract is concerned. We have never got to the point of drawing up a universal charter for timber.

21584. You have not got to that point as yet?—We have not got to that point yet. It is possible that if we reach that point, the timber merchants may appoint some central organisation to negotiate with the Baltic and White Sea Conference, as a matter of convenience.

21585. I suppose your action has been limited to rates of chartering in both cases, has it not?—No.

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The most important work that it has done is to get these cleaner forms of contract that I have referred to.

21586. But when you speak of minimum rates of freight, you mean rates of charter, do you not—chartering freights?—Yes, that is so.

21587. You have not attempted in fixing your rates to affect other cargoes than timber homewards and coal outwards, have you?—We have dealt with phosphate from the Continental ports, and we are also dealing with the Government form of time charter—with the idea of getting the form of contract put on a fair basis.

21588. But always with regard to cargoes that are subject to chartering?—Yes, that is so. I take it that you are differentiating as between full cargoes and part cargoes?

21589. Quite so; paragraph 1 of your statement refers to full cargoes?—It is always with regard to full cargoes, where one merchant takes the whole of one particular ship.

21590. With regard to paragraph 3, has the Conference been successful in respect to stopping speculation such as you refer to there?—To a very large extent it has. By means of a circular, the names of such firms are made known to all the shipowners in the Conference, and they are warned against them. These brokers hesitate now to have their names appearing in this circular.

21591. So that you have been, you think, in that respect at least, quite successful?—And will be more so as time goes on.

21592. (*Mr. Owen Philipps.*) What number of boats in your Conference are tramp steamers?—The great bulk of them are; but there are some liners, such as the Wilson liners from St. Petersburg and Copenhagen.

21593. What proportion of the whole would be tramp steamers?—I am afraid I could not give you that.

21594. It would be a very large proportion, would it not?—I should say a very large proportion are tramp steamers.

21595. Eighty-five or 90 per cent.?—I do not know that it would be so large as that, because, as you know, the Wilson boats are very large in number as well as large in size compared with many of the tramp boats in the Baltic trade.

21596. Is it not the case that being full cargoes, as I think you have told the Commission, it is impossible to have a system of rebates with full cargoes?—That is absolutely foreign to the whole scheme.

21597. You have also told us that it has not been possible in the three years that you have been working this Conference to maintain the minimum rates?—Not altogether. Of course, as you know, at certain periods of the year you can get very much beyond that.

21598. But it has not been possible even to maintain them always?—It has not been possible to maintain them throughout the whole of the year.

21599. (*Mr. Maddison.*) Why has it not been possible?—I am afraid that is rather a difficult question. The answer would be that there have been more steamers than the trade required, I think.

21600. I think you told us what proportion of the shipping in the Baltic and White Sea trades are in your Association?—I replied to that a little while ago; I think it is, approximately, 75 per cent., but I have not got the figures.

21601. Is your inability to preserve these minimum rates due to the 25 per cent. who raid you every now and then, or what?—There is no penalty attached to any member of the Conference if he does not get the minimum rate. Simply strong advice is given to them to hold out to the last moment to get it. But a ship is not like many other things; it is floating, and you cannot stop in the middle of the North Sea, so a certain time comes when you must fix, and take the best you can.

21602. Did you consider this question of rebates when you gentlemen formed this Association?—It is not at all applicable.

21603. On account of the full cargoes; is that it?—No. It is foreign to the whole idea of the Conference. It is quite impracticable, and it could not possibly be worked in connection with a thing of this kind.

21604. Why could it not be worked; that is what I want to know?—It seems to me to have absolutely no relation whatever to this sort of thing. The system of deferred rebates is a system adopted where you have regular boats running as between one port and another port, where you have your fixed dates of sailing, and where you offer a certain inducement to shipowners to maintain that sailing; and then if you are loyal to these steamers you get this deferred rebate. But that is quite different altogether to this.

21605. You mean to say you are not taking cargoes regularly to the same ports; is that it?—They vary each voyage. Probably one steamer in this trade may go from Cronstadt to Dunkirk on her first voyage, and the next voyage she leaves Skelleftea for Calais; she has varying voyages every time throughout the season.

21606. So that it was considered from the first impracticable?—It is quite inconsistent with any trade that is not regular as between port and port, in my opinion. We could, of course, have adopted a certain principle of giving some rebate to merchants who only chartered steamers belonging to members of the Conference—that is about the nearest we could have got to it—but there was no such inducement offered. A merchant is just as free to take a boat outside the Conference as he is inside the Conference.

21607. That is rather what I want to know; I saw the difference. Why did you not adopt the rebate system in that limited sense; was that considered?—I do not think it was. We have been relying rather upon having friendly conferences with the various nationalities.

21608. Do you think that, on the whole, the better method?—For this particular thing I do; but do not commit me to the extent of a regular trade as between one port and another.

21609. (*Sir John Macdonell.*) There are some liners that are members of your Conference?—That is so.

21610. Some Lines go from this country to ports in the Baltic and the White Sea?—I do not know about the White Sea.

21611. To the Baltic?—A number go to the Baltic and come from the Baltic to ports in this country; you have Wilson's, for example.

21612. I presume there are some Lines going regularly from Continental ports to ports in the Baltic?—Yes, that is so.

21613. So that, while the great majority of the members of your Conference are under charters, there are other members taking general cargoes regularly to regular ports?—Yes, that is so.

21614. So far as these members are concerned, to the best of your belief, there is no deferred rebate?—I cannot speak as to any internal arrangement as between Lines and Lines.

21615. To your knowledge, is there any?—I do not know of any; certainly there is nothing in their connection with the Conference of that character.

21616. Taking one thing with another, has the effect of the Conference been to raise rates since 1905, or to prevent their falling?—I think it has been more negative than positive up to the present, except for short periods. It certainly arrested what appeared to be a very serious fall that was in prospect, and since then we have had them on a higher level—in 1906 they were distinctly higher, and for portions of last year they were higher.

21617. Your opinion is that this system has, on the whole, prevented a fall of rates?—Undoubtedly.

21618. In answer to a question by the Chairman you stated that the rates inserted in your pamphlet had been prepared upon a "scientific" basis from port to port; would you be good enough to explain what the principle of that scientific basis is?—Perhaps "scientific" is a strong word to use.

21619. It was your expression?—What I meant was that it was based upon the actual experience of the shipowner; the expenses of loading at particular ports and discharging at particular ports, showing what the relative rates for different ports and different cargoes should be.

21620. It is a rate fixed by the experience of shipowners?—Yes. The general body of shipowners who

have had experience of these various trades, agreed that certain things ought to pay so much more or so much less than others; and that has been tabulated in this little book for the guidance of shipowners generally.

21621. It is possible in that manner to arrive at a fair and reasonable rate?—I am quite sure of it. It has done immense good up to the present.

21622. You explained, if I may venture to say so, only in part what was this, to use your own expression, "deleterious speculation" by brokers. As I understand, what you object to is to the broker, who is really a principal and himself owns ships, posing as if he were merely an agent?—That is so.

21623. How does that work out deleteriously?—The way in which it is done is this: A broker hears of a certain, probably large, parcel in the market; he forms his own idea as to what he may be able to get a shipowner to carry it at, and he fixes it up in his own name for his own account. Then he circularises the shipowners in the trade, putting some doubtful phrases in his circular to the effect that he has a certain business in hand and that he can offer it to this owner at such a figure, leaving him a profit to himself. Then the owner, trusting that he is a *bonâ fide* broker, probably telegraphs, "If you cannot do better "than so-and-so, fix," but relying on him to act as his agent. Obviously, when he is interested in keeping the freight down, he cannot do justice to that shipowner.

21624. Does this practice, which you say prevailed in regard to the Baltic and White Sea trades, to your knowledge, exist elsewhere?—I think it exists more or less in all trades.

21625. In all trades?—I should think so, undoubtedly.

21626. In all shipping trades?—Yes, in all shipping trades. It is quite a legitimate business; do not misunderstand me; I am not suggesting that it is not.

21627. I am not understanding you to suggest anything to the contrary; but, at all events, it was so prevalent in the Baltic trade, that, in your judgment, it led to a serious depreciation of rates?—That is it.

21628. And as I understand, your belief is that similar practices prevail in other shipping trades?—It does, undoubtedly.

21629. With, I presume, a similar result, namely, a tendency to lower unduly rates?—Quite.

21630. So far as you know—and I presume you have a large knowledge of this matter—have means been taken in other shipping trades to correct this evil?—Not in the same way in which it has been in the Baltic and White Sea trade; that I know.

21631. What other ways are resorted to?—To correct that?

21632. Yes?—I do not know that anything has been done, except the general knowledge that certain firms do that sort of business, and they are chary of them.

21633. (*Sir William Lewis.*) Am I right in concluding that all that has been secured by your Association, so far as the merchants or freighters are concerned, is the settlement of a charter party?—That is not by any means all.

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21634. I understood you to say that a charter party had been settled as between the members of your Association and what you described as the coalowners?—That is one document which has been arranged; then there has been a charter party for phosphate from the Continent to the Baltic arranged; and various other documents are in course of being arranged.

21635. Have there been any meetings between your Association and any association representing the merchants or freighters, with respect to considering the rates of freight from time to time?—Not on the rates of freight.

21636. None at all?—No.

21637. Then your Association fix the rates of freight without reference to, or any consultation with, any other merchant or freighter?—Yes, but not arbitrarily.

21638. I do not understand what you mean by "not "arbitrarily." You decide it, but not in conference with them?—We draw up a scale of freights which we recommend the members of the Conference to ask and insist upon.

21639. So that you decide it, not with respect to any consultation either with the merchants or with the freighters?—Quite so.

21640. So you decide the rates?—The consultation with the freighters comes when the negotiations begin for a particular contract; then they have full sway.

21641. I see you do give some latitude; if I understand the second paragraph of the *précis* of your evidence, the rates are to be adhered to; but the owners may accept lower rates at the last moment if they cannot do otherwise?—Yes, that is so.

21642. So that you do give your members some latitude, which is, I suppose, affected by the circumstances from time to time?—That is what I mean by saying it is not an arbitrary list.

21643. It is arbitrary so far as you are concerned, because the freighters and the merchants have nothing to say to it?—They have everything to say when they come to engage; then it becomes a matter of individual contract.

21644. Is it a subject of negotiation with each merchant, or is it between your Association and representatives of the Merchants' Association?—It is a subject of negotiation between each individual shipowner and each individual merchant.

21645. (*Sir John Macdonell.*) Are these rates which are to be found in the blue pamphlet open to the public?—Not only are these open to the public, but all the Conferences that the shipowners hold are open to the public. Everything is open to the public.

21646. They are public?—Yes; they are given into the merchants' hands, so that they know exactly the basis the shipowners are working upon before they make either their purchases or their sales.

Mr. CHARLES BOOTH, Junr., called and examined.

21647. (*Chairman.*) You come here to give evidence on behalf of the Booth Line?—Yes.

21648. We are sorry Mr. Charles Booth, senr., is not well enough to come, but no doubt we shall hear from you what is material. You have prepared a short statement for us relating to the Shipping Conference and Deferred Rebates in the North Brazil Trade, have you not?—Yes.

(*The witness handed in the following statement.*)

Mr. C. Booth, Junr.

2 *June*, 1908.

1. The Booth Line was founded in the year 1866, when Messrs. Alfred Booth & Co. inaugurated a steam service between Liverpool, Portugal, and North Brazil.

2. Cargo from Havre and Hamburg was at first carried by transhipment viâ Liverpool, but later the steamers called regularly to load cargo at those ports.

3. In 1869, Messrs. R. Singlehurst & Co., who, as Liverpool merchants and sailing shipowners, were largely interested in the trade, established the Red Cross Line of steamers, and for a short time keen competition in rates existed between the two Lines; but in 1870 a friendly arrangement to alternate the sailings and divide the trade was made. This arrangement, with minor modifications made from time to time, remained in force until the year 1901, when the two concerns were amalgamated as the present Booth Steamship Co., Limited.

4. Messrs. Hugh Evans & Co., of Liverpool, ran a direct line of steamers between Liverpool and Maranham from the early seventies until 1903, when their business was bought by the Booth Steamship Company.

5. The regular steam service between New York and North Brazil was started by the Booth and Red Cross Lines in 1882. The trade was shared on a similar basis to that from Europe. No pooling arrangement was made, nor were deferred rebates paid anywhere prior to the year 1895.

6. Opposition from the Chargeurs Réunis (both at Liverpool and at Continental ports) and from the Hamburg South American Company was experienced in 1883/4, but finding the trade unprofitable, neither the French nor the German Company persevered long with its service.

Mr. C. Booth, Junr.

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7. From 1884 until 1902 the only serious competition experienced came from an Italian Line in the passenger business between Portugal and Brazil, and from steamers of the Prince Line which occasionally called at Pará for cargo on their way from the south of Brazil to New York. In 1900 the Hamburg-American Line entered the trade, by friendly arrangement, with one sailing per month from Hamburg to North Brazil ports viâ Antwerp, Havre, and Portugal, and in the following year this service became a joint one between the Hamburg-American Line and the Hamburg South American Company. On the termination of the then agreement with the Booth Line in 1902, the Hamburg Lines demanded a much larger share of the trade than we considered them fairly entitled to, and a very severe rate war of some three months ensued which thoroughly disorganised the trade. However, a complete settlement was arrived at in September, 1902, involving an agreement as to rates from all ports, a division of the trade, and a pool of part of the Continental business. At the same time the present form of rebate circular and claim form was adopted.

8. The deferred rebates were originally introduced on outward freights from Europe in January, 1895. (See Circular, dated, Liverpool, 12th January, 1895, enclosed.) The Hamburg circular bears the same date.

9. Lisbon and Oporto were brought into the system in 1896, and Havre somewhat later.

10. The rather peculiar character of our trade had hitherto fairly protected us from general competition, but it was felt that the time had come to take steps to protect ourselves from the attacks of occasional outsiders with which we were from time to time threatened. I enclose copies of our earliest and latest rebate circulars and claim forms from which the Commission will see the development of the system in our trade.

11. In the homeward trade deferred rebates were introduced at Pará in 1896, at Manãos in 1901, and were finally made complete by including other ports of shipment and by linking Europe with the United States in 1903.

12. Deferred rebates are not and never have been paid on shipments from New York to North Brazil. It was intended to introduce the system at New York a few years ago, but we were at that time advised that it would be illegal to do so, and the proposal was consequently abandoned.

13. We have uniform (or nearly uniform) freight tariffs from all ports from which our steamers and those of our German colleagues sail to North Brazil. Homeward rates are also approximately the same to all ports. These printed tariffs are sent out to all regular shippers whenever any alteration in rates is made, and at other times they are freely given to shippers when asked for.

14. (I enclose copies of freight tariffs from various ports.)

15. We have no reason to suppose that shippers to North Brazil are dissatisfied either with the rates charged or with the service we give, which, as will be seen from the enclosed time-table for the first half of the current year, is very frequent. We have, moreover, had no complaints in connection with the rebate system. Shippers realise that this system tends to keep the rates steady (which suits them far better than frequent fluctuations) by keeping out the disturbing element of the occasional outsider.

16. I do not claim that our regular and frequent service depends entirely on the deferred rebates—our trade is more difficult than many for tramp steamers to enter—but I do maintain that the system has a steadying influence on the trade, and that it is beneficial to the traders as well as to the shipping companies concerned.

17. For large blocks of material, machinery, rails, &c., we are always prepared to make special quotations, but no deferred rebate is allowed in these cases.

18. Copies of all special quotations are exchanged with Hamburg, and in important cases we consult our German friends and they consult us before quoting. Thus the United Kingdom and the Continent are placed on precisely the same footing.

21649. (*Chairman.*) In that statement you say the Booth Line was founded in the year 1866, when Messrs Alfred Booth & Co. inaugurated a steam service between Liverpool, Portugal, and North Brazil; then three years after that, Messrs Singlehurst & Co. established the Red Cross Line of steamers, and after a short time an arrangement was made between the two Lines as to sailings, which continued till the year 1901?—Yes.

21650. In that year the two systems were amalgamated as the present Booth Steamship Company, Limited?—Yes

21651. Whilst that arrangement continued and up to the amalgamation, were the freights charged by the two Lines the same?—Yes.

21652. So that the arrangement was, amongst other things, that the rates of freight should be the same and there should be alternate sailings?—That was so.

21653. Then you state that Messrs. Hugh Evans & Co., of Liverpool, ran a direct Line of steamers between Liverpool and Maranham?—Yes.

21654. Will you kindly tell me where Maranham is?—It is one of the North Brazil ports; it is quite close to Para, on the coast there; in fact, it is one of the ports to which our steamers have always run. but Messrs. Evans ran this direct Line and we never interfered with their business. We carried cargo from the Continent to Maranham and also from New York to Maranham, but until the year 1903 we carried no cargo from Liverpool to Maranham.

21655. In 1903 their business was bought by the Booth Steamship Co.?—Yes.

21656. From 1884 to 1902 you say the only serious competition came from an Italian Line of passenger vessels?—And also from the Prince Line.

21657. Which occasionally called at Para for cargo?—Yes.

21658. In 1900 the Hamburg-American Line entered the trade, and then there was an arrangement made between the Hamburg-American Line and the Booth Line?—At this time, of course, it would be between the Hamburg-American Line and the Booth Line and the Red Cross Line.

21659. And in 1901 that service from Hamburg to North Brazil ports, viâ Antwerp, Havre, and Portugal, became a joint one between the Hamburg-American Line and the Hamburg-South American Co.?—Yes.

21660. An agreement between the Hamburg and the English Lines was come to in 1902?—Yes.

21661. At first the Hamburg Line demanded a much larger share of the trade than you considered them fairly entitled to, and then ensued a very severe rate war for some three months, which thoroughly disorganised the trade; but after those three months, namely, in September, 1902, a complete settlement was arrived at?—Yes.

21662. As regards that settlement there was an agreement, I see, as to the rates from all ports?—Yes.

21663. That is, the same rates were charged by all the members of the Conference?—Yes; and so far as possible the rates at all the ports were the same.

21664. Then the trade was divided between the members of the Conference, and part of the Continental trade was pooled?—Yes.

21665. At that time, namely, 1902, the present form of rebate circular and claim form was adopted?—Yes.

21666. Before that time, that is to say, before September, 1902, the system of deferred rebates was adopted, was it not?—Yes.

21667. You say in paragraph 8, "The deferred rebates were originally introduced on outward freights "from Europe in January, 1895 (*see* circular dated "Liverpool, 12th January, 1895.) The Hamburg circular bears the same date." Then in paragraph 9 you say, "Lisbon and Oporto were brought into the "system in 1896, and Havre somewhat later"?—Yes.

21668. So that before 1895 you carried on your business without the system of deferred rebates?—Yes, without that system.

21669. When you did that, did you make separate contracts with the merchants?—No.

21670. Did you always charge merchants the same freight?—We always charged merchants the same freight; we made no contracts.

21671. You charged the same freight whether they tendered to you a large cargo or a small cargo?—There may have been a few instances of special quotations before 1895, but there were certainly very few. It is only in the last 10 or 12 years that we have

had large blocks of materials—cement, paving-stones, and so on—tendered to us. The character of the trade has undoubtedly changed to some extent. There are big port works being carried out, and that is a more modern development. Prior to 1895 there were certainly not many instances of contracts, though I should not like to say absolutely there were none.

21672. Why did you introduce this system of deferred rebates in 1895?—It was, as I say in the next paragraph of my statement, because the character of the trade was to some extent changing. We were threatened from time to time with opposition, we found that all our friends and neighbours had adopted this system, and we felt that there were so many rumours of opposition of one sort or another that we had to do something to protect ourselves.

21673. You say "to protect yourselves"—to protect yourselves from what?—From opposition of any kind.

21674. You did not require that protection before 1895?—We had had opposition.

21675. Am I right in suspecting that it was to a great extent because your neighbours had adopted the system of deferred rebates that you did so?—It was partly so; but, on the other hand, it undoubtedly was because we were threatened, and we had been threatened for some time, with opposition from Hamburg; I mean, we felt it was coming. At that time we were perhaps foolish in imagining that the deferred rebates would be of some use in fighting a company like the Hamburg-American Line. In practice we found they were absolutely useless. At the same time, that was undoubtedly at the back of our minds when we introduced the rebates. We had hold of the Hamburg trade ever since we started in 1866, and, naturally, we did not care much about giving it up. Undoubtedly the fact that other shipowners had adopted the system and had found it necessary in their trades, made us feel that it was not an unreasonable thing for us to do. If I may be allowed to mention it, there is one other thing?

21676. Certainly?—The calling of the Prince Line at Para, on their way to New York, was what made us introduce the rebates in that particular branch of the homeward part of the business. In that particular case it was effective, because the Prince Line merely called in; they had a little space, and they occasionally picked up a small quantity of rubber and demoralised the rates; but the rebates certainly stopped that.

21677. You go on to say, in paragraph 12, "Deferred "rebates are not and never have been paid on ship- "ments from New York to North Brazil. It was "intended to introduce the system at New York a "few years ago, but we were at that time advised "that it would be illegal to do so, and the proposal "was consequently abandoned." You were advised that it was illegal under the Sherman Act, of course?—That was what we were told.

21678. No system of deferred rebates has been applied, I believe to shipments made in the United States?—I understand it has.

21679. It has been, do you say?—I understand so, but I have no absolute knowledge.

21680. Do you understand that there is now a system of deferred rebates which is used as to shipments made in the United States?—I would not like to say so. It is mere hearsay, and I have no knowledge of it.

21681. You have no knowledge of it at all?—No, I have not.

21682. Then you go on to say, "We have uniform "(or nearly uniform) freight tariffs from all ports from "which our steamers and those of our German col- "leagues sail to North Brazil." You have an arrangement, I suppose, with your foreign colleagues, and it is a part of that arrangement that the freights from the United Kingdom shall be the same as those from Germany?—Yes.

21683. Is that arrangement observed pretty well?—Absolutely.

21684. You have sent in copies of the freight tariffs from various ports?—Yes.

21685. Then you say, "We have no reason to suppose "that shippers to North Brazil are dissatisfied either "with the rates charged or with the service we give"; and you say you have had no complaints?—We have had no complaint.

21686. Then you say you consider the effect of the rebate system is to make freights more steady?—Yes.

21687. And you add, what you referred to a few minutes ago, that you have large blocks of material, machinery, and rails, offered you, for which you are always prepared to make special quotations, but no deferred rebate is allowed in those cases?—That is so.

21688. I suppose those kinds of goods, large blocks of material, machinery, and rails, have been offered for shipment far more in recent years than they were formerly?—Yes, that is so.

21689. Therefore, the special quotations are now made more frequently than formerly, as there were very few made formerly?—Undoubtedly they are more frequent.

21690. Even though special quotations are not made without consulting the different members of the Conference, British and foreign?—No, they are not.

21691. Then, you add this important statement, that in that way "the United Kingdom and the Continent "are placed on precisely the same footing"?—Yes.

21692. The fact that the United Kingdom and the Continent are placed on precisely the same footing is the result of the conference system?—Absolutely.

21693. Would you say that, for that purpose, the system of deferred rebates was necessary?—I think so. That is my opinion. It is an essential part of the arrangement.

21694. What is your reason for that statement?—I think that if the rebate system were made illegal in this country, and were not so made on the Continent, it would be impossible to maintain the rates at all ports on the same level.

21695. I suppose this trade in which you are engaged is a very large trade, and a very great number of merchants are engaged in that trade?—We have never considered it a very large trade. It has undoubtedly grown very much of late years; but it was the very smallness of the trade that protected us prior to 1895, I think, sufficiently without the rebates; because the outward cargo was extremely small, and the homeward even smaller. The protection that we still have is the extremely small quantity of homeward cargo from North Brazil.

21696. You to a great exent, if I may use the expression, founded the trade?—We did.

21697. And it has since then increased very much?—It has.

21698. Can you give us any idea of the extent to which that trade has increased during the last 15 years?—I am afraid I have not any figures with me, but undoubtedly in the last 15 years I should say it had at least doubled.

21699. There are regular sailings now?—Absolutely regular, and there always have been.

21700. Has the trade varied very much from time to time—I mean, has there been a bad time for trade and a good time for trade, or has it been generally improving?—It has on the whole been generally improving. There have been periodic set-backs; but on the whole you may say that it has steadily improved. We have had a year or two of considerable set-back from time to time.

21701. Have any tramp steamers tried to interfere with your business?—There have been inquiries for tramp steamers. I cannot recall any instance of a tramp steamer being chartered for general cargo for any North Brazil port; at the same time they are frequently chartered for coal—in fact, we charter steamers ourselves for coal.

21702. They are chartered for whole cargoes?—For whole cargoes of coal.

21703. If there had not been this deferred rebate system, do you think the tramps would interfere with you very much?—I think so.

21704. You think they would?—Yes.

21705. So that the system of deferred rebates has checked the interference of tramps?—Yes.

21706. And also the introduction of new Lines?—The introduction of new Lines, or the occasional calls

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from existing Lines, perhaps, trading to other ports of South America.

21707. But still you do not think the system of deferred rebates would prevent any powerful company of shipowners from introducing a Line of steamers?—No, I do not—not a powerful concern which was prepared to stand a heavy loss in introducing itself.

21708. So that it is not correct to say that a system of deferred rebates entirely checks competition?—No.

21709. When you say it is not, would you mind telling me to what extent it is not—I mean how it is not?—In a case in which a powerful company after considering the whole business has made up its mind to enter the trade, then I think, as in the case of the Hamburg-American Line and ourselves, the deferred rebate system is practically inoperative, because a company of that size and power is able to give a sufficiently frequent service.

21710. Now a few more questions on the general subject. You say you have not heard of any general complaints from the shippers and merchants as to the rates of freight?—No.

21711. Is there a considerable number of merchants engaged in the trade?—Yes, a considerable number.

21712. But there is no Association of Merchants?—No.

21713. How do you fix the rates of freight?—I do not know how we originally fixed them. We worked on a tariff for a great many years without ever altering it, and that was the tariff which was in existence when I came into the business. I presume that my predecessors fixed what they considered reasonable rates; and since then that has been the basis. There have been certain alterations, both up and down; but when the agreement with the Hamburg-American Line was made, we went very carefully into our rates and compared them with what other Lines to the southern ports of Brazil were charging, and endeavoured as far as possible to assimilate our tariff to theirs.

21714. If the merchants found that the rates of freight were excessive, do you think they would combine to oppose you?—I think the first thing they would do would be to approach us to ask us to reduce them. From time to time it has been represented to us that a particular rate for a particular article was rather high, and we have reduced it. We are always ready to listen to the representations of shippers, and, I hope, pay proper attention to them.

21715. Of course, it is your object also that the trade shall develop, and that is the object of the merchants?—Absolutely.

21716. What I should really like to know from you is, are the merchants sufficiently powerful? Suppose for a moment, if you can, that the rates of freight are excessive—I do not say they are at all, but let me make that supposition; that being the hypothesis, are the merchants, in your opinion, sufficiently powerful to combine and resist?—I do not think they are.

21717. They could not combine and form another Line?—I do not think it is very likely.

21718. Some of these questions may seem to you to be rather remote from actual practice, because you say you have never heard of any continuous complaints about freights?—We have had no serious complaints, or agitation. Of course, we have been asked from time to time, as I say, to reduce the rate for this or that article.

21719. On account of the evidence we have already received, I am afraid I must put to you a few questions which will appear to you rather remote. If the merchants in these trades found the rates to be excessive, I suppose it would be useful for them to form an association?—I should think it might.

21720. Because you would pay greater attention to the opinions of an association than you would to those of an individual?—Certainly; if an association consisting of all the shippers in the trade approached us in that way, we should.

21721. You know the effect of the rebate system is that merchants cannot ship on outside steamers without forfeiting their rebate. It has been suggested to us by a gentleman of very great experience and considerable authority that it seems unjust in those circumstances that the shipowners should be at liberty to raise the rates of freight in the period during which they retain the rebates. What is your opinion on that subject?—The result of that, in this particular case, would be that we should never raise the rates at all, because we always hold six months' in hand.

21722. Do you mean to say that you could not raise the rates at all?—We should not be able to raise them, if I follow you correctly; because, according to this particular system that we have introduced, we always have six months' rebate in hand. But I do not myself see that there is any particular connection between the two things. I think the shipowner must be free to raise his rate quite independently of the payment of rebates, because circumstances arise which might necessitate such a change. At the same time, I agree that a reasonable notice should be given, if possible.

21723. You think reasonable notice should be given?—I do.

21724. I think that is important—because, otherwise, it might be unjust, might it not?—It might, perhaps. At the same time, the maintenance of the rate of freight at a particular figure is no part of the bargain, as I understand.

21725. You mentioned the word "bargain" just now; allow me to ask you, what is the bargain?—Perhaps I used the wrong word; but I always have regarded it as a bargain that if the shipper fulfilled certain conditions we would pay the rebate. It is an offer, perhaps.

21726. I quite follow you, and I am not at all saying that you may not be correct. I only wish to point out that the obligations of the shipowner are not contained in any contract?—That is so.

21727. There is no contract by which the shipowner is bound to confer those advantages and benefits for which a system of rebates is said to have been introduced, namely, regular sailings and steady freights?—Quite so.

21728. But your view is, that no contract of that kind is really necessary, because experience shows that these advantages and benefits are in fact conferred and enjoyed?—That is absolutely my view.

21729. (*Sir Alfred Bateman.*) I should like to follow up a little what the Chairman asked you about the notice under the deferred rebate. At the end of the first paragraph of the notice which you put in, you say that the rebate "may be discontinued whenever any "of the undersigned Lines give notice thereof"; so that you can get out at any time, but the shipper cannot; is that so?—That appears to be so. I should, perhaps, say that this form is, I think, identical with the form in the Middle Brazil Conference, and we have simply adopted their wording.

21730. It does read rather one-sided, does it not?—I think it does, now that you point it out to me.

21731. How long would that notice be? Is the length of notice understood, or is there any practice?—We have never really given that any consideration; it has not come up at all.

21732. It has not come up, but it is here for your use if necessary?—It is there for our use if necessary, but I think undoubtedly we should endeavour to give reasonable notice.

21733. Surely you would be interfering very materially with the conditions under which shippers have done their business with you?—Undoubtedly, if we gave them short notice of discontinuance.

21734. In the next paragraph you say, "The rebate "will be computed every six months, say, up to the "30th June and 31st December, and be payable six "months afterwards, but only to those shippers who "have up to such due date seen fit to confine "their shipments (full cargoes of coal excepted) to the "undersigned Lines"; can you tell me what date the "due date" is?—To take a concrete example, on January 1st, 1908, the shippers signed this claim form, which states that during the six months ended June 30th, 1907, they have made certain shipments on the freight of which they are entitled to certain rebates; and they also declare that neither during that period nor since, that is to say, up to December 31st, 1907, have they made or been interested in any shipments by any other Lines.

21735. So that "such due date" is a date six months after the rebate has been earned?—That is so.

21736. It is a little ambiguous. I see at the end of the paragraph that the rebate is forfeited by shipping by an outside sailing vessel as well as by a steamer?—That is so.

21737. Not allowing shipments by sailing vessel is different from some of the conditions of other Conferences, is it not?—Yes, that is so. I could explain the reason for that if you wish?

21738. If you please?—No sailing vessel, to the best of my knowledge and belief, has been loaded from Great Britain for a long period. But our Hamburg friends had been a good deal bothered with sailing vessels at Hamburg, and they wished to be protected. We felt that it was not unreasonable, and we agreed to put it in. At any rate, it does not in any way affect British shippers, because in practice no sailing vessels go.

21739. You do not in one respect have the same rates for large shippers and small shippers?—If by "shippers" you mean regular shippers of general goods, we do have the same rates; but for specific blocks of material for a particular piece of work—for example, the Para port works or the Manaos harbour works, or the Manaos drainage; that is, a specific parcel for a specific piece of work—then we do quote lower rates irrespective of the tariff.

21740. Are those customers who get the lower rates tied to you in any way? You do not give them a rebate besides, you say?—No, we do not give them any rebate. They are not tied unless they happen to be regular shippers in the trade, and in most cases that is not so.

21741. So that they are better off in both ways than the small shipper—they get a lower rate and they are not tied?—I do not quite follow that, because we treat everybody in exactly the same way. Of course, they are better off than the small shipper, because the small shipper has not got 10,000 or 20,000 tons of material to offer.

21742. (*Mr. Owen Philipps.*) Is it not the case that all merchants shipping merchants' cargo, either large or small, pay the same rate?—Certainly.

21743. (*Sir Alfred Bateman.*) Not large?—Certainly.

21744. You say, "For large blocks of material, "machinery, rails, &c., we are always prepared to "make special quotations"?—That is really hardly the ordinary merchant's business. At any rate, it is not a cause of grievance in any way; it is perfectly well understood.

21745. It has not been a cause of grievance?—No.

21746. Would they be full cargoes?—No, in no case.

21747. (*Chairman.*) Not?—No; because it suits the shippers of this type of material to ship the cargo out in handy parcels.

21748. (*Sir Alfred Bateman.*) One other question, and that is about a complaint that was brought to us by Mr. Maclaren about carrying 12,000 tons of pipes for the waterworks at Manaos?—I have prepared a short statement in reply to Mr. Maclaren. Might I read it, because I think it covers the ground?

21749. If you please. You have read his evidence, I suppose?—Yes, I have read his evidence. Mr. Robert Maclaren gave four examples in support of his contention that deferred rebates unduly restrain trade and are injurious to the interests of the country.

21750. If I might interrupt you for a moment, the one that referred to the North Brazil Conference was about this 12,000 tons of pipes?—Yes, I am coming to that. One of these examples related to a contract for iron pipes for the Manaos waterworks, for which Mr. Maclaren's firm were asked to tender. By the way, Mr. Maclaren calls the shipment 12,000 tons; the correct weight is 7,500. At the time, November 3rd, 1906, when we received Mr. Maclaren's inquiry, we were in close treaty with the principals in this business for a large line of cargo, of which these pipes were only part, and we succeeded in fixing a freight contract with them before the end of the month—November, 1906. These shippers were not bound to our Line by rebates—they were new people in the trade—and before coming to terms with us they considered very carefully the alternative plan of chartering tramp steamers for their cargo. They accepted our freight offer presumably because they considered it a reasonable one, but I knew they were largely influenced by the great convenience of getting their material out in handy parcels at short intervals. Being short of adequate discharging and storing facilities at Manaos, it would have been extremely embarrassing and expensive to them to have had to deal with anything like a full shipload at a time. As a matter of fact, the largest shipment of these pipes in one vessel, so far, has been 324 tons. What passed between Messrs. Maclaren and the buyers I do not know, but I have no doubt, in my own mind, that the latter asked for an f.o.b. tender. It would appear from Mr. Maclaren's evidence that it is his practice when asked for an f.o.b. price to quote c.i.f. The order was given to a Midland firm (Stanton) who quoted f.o.b., Liverpool, as desired by the principals in the business, who, by the way, were aware of our quotation to Mr. Maclaren. It follows from the above (1) that deferred rebates had nothing to do with Messrs. Maclaren's failure to get the order; and (2) that British trade suffered no injury.

21751. Mr. Maclaren stated that he could have got the pipes carried at 12*s.* a ton cheaper than the Liverpool rate, and that you wanted 5*s.* more than the Liverpool rate to bring your boats to Glasgow?—We quoted him more.

21752. Then, that is true?—It is true that we quoted him more. I may say, quite frankly, that we were not anxious to come to very close quarters with Mr. Maclaren, knowing all about the business.

21753. (*Chairman.*) In reference to South Africa the shipowners and the merchants agreed in 1898 that "In consideration of the continued loyal support of the "South African Merchants' Committee and of Shippers "to South and East Africa who may comply with the "conditions," in the circular, "the steam lines agree "that Clause 8 of the Notice to Shippers"—that is the ordinary Notice and Circular—"shall not be held "to disentitle such shippers to the enjoyment of the "commission on their other shipments if compelled "under instructions to ship the goods of a client by "an opposition steamer." I do not know whether any such rule prevails in your business?—There is no absolute rule, but undoubtedly we should adopt that course if the case arose.

21754. (*Professor Gonner.*) According to your first circular of 1895 the rebate is practically not a deferred rebate, is it?—That is quite true.

21755. That is as far as the second part of the year is concerned?—That is so.

21756. You modified that, I suppose, to come into general accord with the ordinary form?—We originally started afresh every year, and it was modified when we made the agreement with the German companies.

21757. One of our witnesses thought that a circular rather like your first one should be the form of circular which should be adopted; but I suppose your answer to that would be that that would not give you the continual security and protection you desire?—It does not give us that.

21758. Did you find out in practice that it did not?—No, we did not. I think it was our own original form, and in some ways we rather liked it; but circumstances were perhaps too strong, though I do not know that we had any very strong feeling on the matter. I like the present form—we agreed to it, at any rate.

21759. I suppose, however, judging from your *précis* of evidence, you consider that you have a hold on the trade independent of the rebate circular?—Undoubtedly we have.

21760. Do you control the means of discharging, the river service, or anything else?—We control the means of discharging, to a very considerable extent, at the port of Para; and we used to do at Manaos prior to the harbour works being put up there. Of course, that always gave us in the old days a considerable advantage, because we had out there our own large fleet of lighters. That is our position still at Para; but the conditions are changing, and big port works are in course of construction at Para.

21761. So you think the extension of the security of the rebate system is becoming more necessary?—Undoubtedly.

21762. Owing to the disappearance of protection such as that which existed in your control of the lighterage?—Yes, that is so

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21763. It was stated to us, I believe, by one witness, that he considered you carried goods as against shippers?—That is not true. I have already indicated that we have a very large coal business; in fact, we are much the biggest coal merchants on the Amazon.

21764. But eliminating the coal, you do not?—We do not. We do ship out a certain amount of cement for our own lighters, and I know that we have sold some of this cement. As a matter of fact, we are rather anxious that somebody should introduce British cement on the Amazon. The Germans have it all their own way, and we shipped a little more than we ourselves wanted in order to try and encourage a trade in British cement. We should be only too glad to step on one side, if anyone else would come in and do it.

21765. You do not wish, at any rate, to carry goods against your shippers?—We are most anxious not to do so.

21766. You feel it is an unfair thing to do, I suppose?—I think it is undesirable. Of course it is only right that I should point out that Messrs. Singlehurst were very large merchants, but they have now entirely gone out of the steamship business.

21767. They were large merchants, probably in what we may call the pre-rebate days, were they not?—You might say so; partly in the rebate days, too, as they did not actually sell their steamers until 1901.

21768. The argument that has been laid before us is this: that now that the shipowners, by the introduction of the rebate system, practically control the shippers to a large extent, they ought, as a set-off against that, not to compete with their shippers?—I entirely agree with that; I think that is right.

21769. There was just that point that you were speaking to previously about the question of large shipments. I suppose the real distinction there is this, that in the case of the large shipments you are not necessarily dealing with a large shipper, but you are dealing with an exceptional shipper?—That is the right way to put it; he is the exceptional shipper.

21770. He may have a small business with you, or he may have a large business with you, independently of that?—Quite so. In most cases he has no business with us at all. It has been our experience that these contractors for big works never ship anything else.

21771. But those terms, of course, you are willing to give practically to anyone, independent of their regular business, or whether they have a regular business, with you, or not?—Yes, absolutely so.

21772. And you do it, I suppose, because it pays you to have a certain amount of regular freight that you can arrange beforehand?—We do it entirely in order to conserve our business. In many cases it is distinctly inconvenient, as we have to put on extra boats, and we have to carry coal in chartered ships in order to deal with these large and unusual shipments. But we are not anxious to see tramp steamers getting hold of our trade. A man who has got 20,000 tons of stuff, and who is not bound by rebates, can of course always charter.

21773. Of course, that is the real truth, that he can charter?—Yes, he can.

21774. There is one other point about your documents; in some of your freight tariffs I see there is a primage of 20 per cent., and in others a primage of 15 per cent.?—The 20 per cent. primage is, I think, only in the case of Portugal, and the Portuguese rates are rather complicated. They are not got at in the same way as our rates, and we more or less equalise the thing by adjusting the primage. The primage from this country, from Germany, and the Continent, and from the United States, I think, was altered on January 1st, after giving considerable notice, on account of the great increase in the cost of coal. It was practically an increase in the rates of freight to cover the increased cost of coal.

21775. Only you called it an increase in primage; was that it?—We did it in that way; we raised the primage from 10 per cent. to 15 per cent.

21776. In the case of Portugal, the primage at an earlier date than you have just mentioned, namely, 1904, was 20 per cent.?—Yes; and it is still 20 per cent.

21777. You have not altered that?—We have not altered Portugal, because, I think I am right in saying that, with the 20 per cent. primage the Portuguese rates are about equivalent to our rates with the 15 per cent. primage.

21778. Are there any through rates given from internal towns on the Continent to the North Brazils?—Not that I am aware of.

21779. You have not heard that stated?—I have never heard it stated.

21780. What do you do if a merchant wishes to bring home a cargo from the North Brazil ports to a port to which you do not run a service?—Such a thing has never occurred.

21781. And it would not occur?—It is an impossibility. To begin with, there is not such a thing as a practically full homeward cargo; it is unknown.

21782. If he wants to bring home a large parcel of goods; I was not meaning a full cargo?—I really do not think that such a case has ever arisen.

21783. Practically, you think that the ports which you serve, or which the Conference serves, cover all?—They cover the whole ground. We should be quite prepared to consider going to any other port, within reason, if there was a sufficient inducement.

21784. In your trade it has not been necessary to arrange a system of transhipment rates?—Only to a very small extent.

21785. Have you got some transhipment rates, then?—We have some transhipment rates, though, curiously enough, they apply to the ports to which the steamers go regularly; but in regard to the service from some of our ports to Germany, as the Hamburg Line does not run quite as complete a service as ours, in some cases the cargo is carried by transhipment viâ Liverpool or Havre—we take the rubber to fill up a gap.

21786. Has there at any time been a general adjustment of your rates? You took as your basis, as you said to the Chairman, the rates which were existent when, I suppose, you entered the firm?—Yes.

21787. At any time since, have you gone through and adjusted those rates to any great extent and given them a revision?—Yes; we had a very thorough revision after the freight war with the Germans.

21788. Did that amount to increasing some rates and decreasing other rates?—Yes, it did.

21789. It was put before us by one witness, that one great advantage given by the Conference system was, that you were able to reduce rates and adjust rates to the necessities of particular articles and particular trades; do you think that holds good?—I think so.

21790. But if you were in conflict with casual shipments by tramps, you would be forced to adopt, or to attempt to adopt, some sort of standard rate?—I do not really know what we should have to do. It would, no doubt, be a very unsettling state of things.

21791. You do not think you would get such a satisfactory rate system, and you have got a system of rates now which you would not be able to get?—I quite agree with that. We have a more, so to speak, scientific tariff than we should have.

21792. You can get a tariff which is adjusted to the necessities of the general trade?—Yes.

21793. And that you would not be able to do unless you had a practical control?—That is my view.

21794. In fact, this witness rather measured the advantages on the shipping and compared them with the advantages which a railway has in that respect?—There is some force in that.

21795. It can charge according to the traffic of a particular class of goods?—Yes.

21796. There is another point of difficulty. You seem to have been very uniformly happy in your relations with your shippers, but, of course, there are cases where such felicity has not prevailed; is there, in your opinion, any possible means of introducing a system which would make the less satisfactory trades as satisfactory as the more satisfactory?—I do not think I can make any suggestions.

21797. You can make no suggestions?—I think it depends on the shippers, the shipowners, and the trade.

21798. You realise that by the rebate system you get a species of monopoly control?—Yes, certainly.

21799. It is intended to give you that, and it succeeds. Monopolies, of course, or monopolists, may not always use their control wisely; would it be practicable in your opinion to rectify that without doing greater damage than the benefit you confer?—I do not think you could without doing greater damage than the benefit.

21800. So you think that is one of the disadvantages which has to be weighed off against the advantages?—Yes, I think so.

21801. That is the risk which the system has to take, and you do not think there is any way of removing that risk?—I cannot at the moment think of anything.

21802. (*Mr. Owen Philipps.*) I believe you publish your tariff of rates?—Yes, we do.

21803. Have you found any drawback in doing so?—None whatever, as far as I know.

21804. It has worked quite satisfactorily, has it?—Quite satisfactorily.

21805. Are there classifications of the goods with you?—Yes.

21806. (*Chairman.*) Do you publish those?—We do.

81807. (*Mr. Maddison.*) This scientific tariff is dependent entirely upon the monopoly which you obtain, is it not?—It is, entirely.

21808. If that is so, should you have any objection to some power being given to some Government Department, to which appeals could be made with respect to that scientific tariff of yours?—I should object strongly to any such suggestion.

21809. Then you do not carry the parallel far, or at all, perhaps, about railway rates, which Professor Gonner put to you?—No. I do not agree that steamship companies are in any sense in the same position as railway companies generally.

21810. I suppose, in fact you have said so, the Conference is now so perfect that, with the exception of those experimental shippers who can charter, the shippers are entirely dependent on your Lines?—That is so.

21811. How does that operate for the consumer?—For the consumer in this country?

21812. Either way; but take the consumer yonder in North Brazil?—I do not know that it operates in any way unfairly to the consumer. He gets his supplies in regular shipments frequently. All food and clothing, everything in fact, has to be imported into the Amazon Valley, as they produce nothing. I think that the rates of freight are reasonable for the accommodation given, and as compared with the duty that has to be paid on all these things, the freight is a very small consideration.

21813. So small as really, in your view, not to make any difference in the cost or practically no difference; is that it?—I do not say no difference in the cost, but I do not think that an irregular service by tramp steamers, perhaps at long intervals, and the destruction of the regular liner service would put the consumer in any better position.

21814. Is it really your contention that in an open freight market the people in North Brazil would not be fairly well served?—It is very difficult to say. There never has been an open freight market. I do not think they would be well served, but that is a mere matter of opinion.

21815. You have no basis of comparison, really?—We have no basis of comparison. Perhaps it is only fair that I should explain that even to-day, with the great increase that there has been in the trade, you cannot get anything like a full shipload from this country if you are sailing at frequent intervals. I think you will see from our time-table that we have to go round to Havre and Portugal to fill our ships.

21816. (*Mr. Owen Philipps.*) With reference to the consumer abroad, is it not the case that the small consumer who buys regularly from the small shopkeeper benefits by the shopkeeper being able to obtain his supplies week by week, which enables him to sell at a very much lower rate than if he had to store in a country like Brazil for a very much longer period?—Undoubtedly that is so. That is a good point.

21817. (*Mr. Barry.*) In the second paragraph of your statement you say that at one time cargoes from Havre and Hamburg were transhipped at Liverpool; the goods were carried, I presume, at the same rates as the Liverpool rates?—That was at the very beginning of the business, and I am not able to answer the question. I expect they were probably carried at a higher rate, if you ask me.

21818. Do you know whether it is done now to any extent?—No, it is not, because there are regular sailings from both those ports.

21819. I suppose before your company absorbed Singlehurst & Co. there were pretty keen cuttings of rates at times?—No, never; we worked perfectly amicably in agreement with both those companies. At the very start of the Singlehurst service, as I say in my statement, there was keen competition, but from the year 1870 onward there was none whatever.

21820. It was worked upon a mutual understanding?—Yes, and definitely alternated sailings.

21821. Do you remember if there was any substantial advance in freights after the amalgamation in 1903 with Hugh Evans & Co.?—No, there was not then. The only advance that came was after the keen fight with the German companies. When we made peace with them, we did in certain cases put the rates up, I mean up on what they had been prior to the fight.

21822. Can you state that since the introduction of the deferred rebate system the general tendency has been to advance rates of freight?—In our trade since the introduction of the deferred rebate system, yes; our rates, I think, are, if anything, rather higher than they were before. As I say, we compared them, after we made terms with the German companies, with the rates charged in other parts of South American trade, and found that in certain cases we appeared to be unnecessarily low.

21823. You do not believe it was anything beyond the ordinary business adjustment?—No.

21824. Your understanding with the Germans terminated in 1902, and they demanded a much larger share of the trade than you considered them fairly entitled to?—Yes.

21825. Then you had a severe rate war for three months, and when you ultimately arrived at a settlement, did the Germans get more, do you think, than they were fairly entitled to in that final settlement?—No, I do not think so.

21826. They gave up the ground they had taken up, then?—Very largely.

21827. I think Professor Gonner asked the question whether you had met, in your experience, with rates quoted from the German inland towns?—Yes, he did. I have absolutely no knowledge of that.

21828. We have had that stated, though, previously in evidence. In paragraph 10 of your statement you say, "The rather peculiar character of our trade had "hitherto fairly protected us from general competi- "tion, but it was felt that the time had come to take "steps to protect ourselves from the attacks of occa- "sional outsiders"; are such attacks anything beyond legitimate competition?—I do not say they are illegitimate, in any way; I think we are quite justified in protecting ourselves, all the same.

21829. But the competition might be of a perfectly legitimate character?—Perfectly.

21830. The deferred rebate system, of course, is not in force from New York to Brazil?—It is not.

21831. It is rather against the law, is it not?—We have now an important legal opinion, which I have confidentially submitted to your Secretary, in which we are advised that it is lawful. I mean, that the matter is by no means settled. At the time that we were considering the introduction of the system, we were advised that it was illegal.

21832. We have had a conflict of legal opinion on the subject; we have had one eminent lawyer saying it is illegal, and another lawyer, possibly, equally

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eminent, saying it is quite legal?—I think the question is still open.

21833. Are the rates from New York to Brazil lower than the rates from Liverpool?—No. They are not precisely identical, but the tariff is essentially the same. I have handed in one of our freight tariffs, and I have a copy here in which the rates have been worked out in their sterling equivalents, if you would like to have it?

21834. There is not much difference?—You will see from this that there is not much difference, especially taking into consideration the fact that there is no deferred return.

21835. Until this last year or so there was a good deal of difference, was there not, and the rate from New York was a good deal lower than it has been within the last 12 months?—No, not in our trade. I have not got all the facts and figures before me, but the intention always has been, in fact, it is part of our agreement, that the rates from New York, where we have a monopoly and where the German companies do not interfere, are to be maintained on the same level as from Europe.

21836. You have not had any dissatisfaction expressed by shippers, generally, as to the rates?—No.

21837. But, I suppose, possibly the rates are advanced sometimes without notice?—I cannot remember any instance of that, except at the termination of our severe rate war with the Germans, when we were carrying stuff for 5*s.* and 7*s.* 6*d.* per ton. Naturally, we put the rate up at once without any notice; but, otherwise, we have always given reasonable notice.

21838. Reasonable notice would be what, six months?—Certainly not less than three months.

21839. Have you ever had instances where shippers have been called upon to pay a higher rate, and have had no chance of relieving themselves except by forfeiture of their rebate?—We have never had any complaint at all. The only thing that has been represented to us has been that they ought to have a fair notice. As long as they get a reasonable notice there is no dissatisfaction.

21840. Is that the view taken by your Company, or is it the view taken by the Conference, generally?—The Conference simply consists of our Company and these two German Lines.

21841. Do they take the same view with regard to the notice, do you think?—Yes, they take the same view—I think I can say that.

21842. One of the advantages claimed in other Conferences for the deferred rebate system is that it establishes equality of rates between the big shipper and the small shipper, but your Conference pursues a somewhat different system, and, as I understand, you make special quotations?—I do not quite agree with that. That point has already been made. We make special quotations, really, not to regular shippers of general cargo, but to exceptional shippers of special cargo—cargo required for—I take the examples that come to my hand—the Para port works, the Manaos harbour works, and the Manaos drainage scheme.

21843. What would happen in the case of a very large parcel of ordinary merchandise? Would that be considered a proper thing to quote a special rate for?—I do not say that in an exceptional case we might not be forced into doing it but such a case I do not think has ever arisen. A man might come to us and say that he had a full cargo, and that he was going to charter a tramp if we did not take it at a lower rate.

21844. Then you would entertain it?—We would entertain it. But I do not wish to commit myself; it is a very unusual thing, and I think it has never happened.

21845. I notice in a case which relates to special cargoes or special parcels, that before making arrangements you communicate with the Germans and tell them what the quotation is?—Yes.

21846. Might I ask this question: Have you ever known a case where the Germans, after having learned from you that you have given a specific quotation, have tried to go one better?—No, I have never heard of it.

21847. They have been absolutely honourable?—Absolutely honourable.

21848. I notice that in the rebate circular the shipowner can free himself from all conditions, and can discontinue the rebate whenever he likes by giving notice?—Yes, that is so.

21849. I think you said, in reply to a question by Sir Alfred Bateman, that it was rather a one-sided arrangement?—I did not exactly say that myself, but when he drew my attention to it I did not demur.

21850. Would you have any objection to placing the shipper in the same position which you claim for yourselves?—What exactly does that mean?

21851. Let me suppose a case: Suppose a shipper has shipped goods for six months at a rate, say, of 20*s.*, and then the shipowner, who is possibly perfectly justified in doing so, advances the rate to 30*s.*; would you allow the shipper to give notice and withdraw, if he hoped to do better in the open freight market?—I do not think we could agree to that.

21852. (*Mr. Owen Philipps.*) In actual practice, do you often raise your rates?—No, we do not often raise them.

21853. It is almost unknown, is it not?—*I should not* like to say that, because, as I have pointed out, we did revise the whole tariff very carefully in the year 1902.

21854. But with the exception of that?—With that exception, you might say the rates are maintained at the same rate.

21855. (*Mr. Barry.*) If giving power to the shipper to give notice to terminate his understanding without loss of his rebate was calculated to remove a grievance—admitted that it may be a sentimental grievance—would you be disposed to accord that power to the shipper?—Personally, I should always be disposed to listen to any reasonable proposal that might be made—I mean, that I would give the matter consideration. I should not like to commit myself at the moment, you know.

21856. (*Sir John Macdonell.*) Your ships have run regularly from New York to North Brazil since 1882 or thereabouts?—Yes.

21857. During the whole of that time, so far as you are concerned, there has existed no deferred rebate?—That is so.

21858. In that trade, so far as you are concerned, have there been any great variations in the rates?—No.

21859. There have been no great variations?—No; except the one historic instance of this big fight with the Germans, when they put on steamers in every part of our trade and knocked the rates down to nothing.

21860. Excluding that rather abnormal incident, there have been no great variations?—That is so.

21861. Since 1905 your English shippers have been bound by the rebate system?—Since 1895.

21862. And since 1905 they have been bound by a deferred rebate system?—I should say since 1895.

21863. I do not want to get at cross-purposes with you; there was a change in 1905 in the form of your circular, was there not?—Not in 1905, but in 1902 it was made more stringent, undoubtedly.

21864. Do you not think that the American shipper, who is not in any way bound by the rebate system, but who can avail himself, without loss and without forfeiture, of any tonnage that presents itself, has a distinct advantage over the English shipper?—In practice, in our trade that tonnage has not presented itself.

21865. Perhaps I have not made my meaning clear. An American shipper is not in any way subject to the deferred rebate system?—No, he is not.

21866. You carry in your ships his goods without subjecting him to the deferred rebate system?—Certainly.

21867. In your ships you carry, and only carry, the English shipper's goods subject to a deferred rebate system?—Yes.

21868. Is that not another way of saying that the American shipper has a distinct preference or advantage over the English shipper?—It might result in a distinct advantage.

21869. I will come by-and-by to actual results; for the moment, just look at the thing in theory. There is a distinct preference given to the American shipper in theory, is there not?—The shipper might not get the regular service that we give.

21870. I will come to that; assuming that he gets a regular service, and that there is a good class of boats, then he has a distinct advantage over the English shipper?—Not if the rate is maintained at the same level.

21871. I am assuming that the rate is maintained at the same level, but I am pointing out to you that the one shipper is bound by the deferred rebate system and the other is not?—Yes; but as long as each shipper pays the same rate of freight one has no advantage over the other.

21872. Except that the one person cannot go to an outside shipowner without losing his rebate, and the other can?—That is true.

21873. That being the difference in theory, let us look at the facts. Is the service by your boats from New York to North Brazil regular?—It is regular.

21874. Are the boats which you send from New York to North Brazil similar in character to those which you send from this country to North Brazil?—No, they are not of such a high class.

21875. In what respect do they differ?—Largely, because the boats from this country carry more passengers, and are, therefore, faster.

21876. Test it in this way: would a shipper by your boats from New York have to pay a materially higher rate of insurance than a shipper by your boats from this country?—No.

21877. Practically the insurance would be the same?—The same.

21878. So that judged by that test, the services are practically the same?—They are.

21879. It being the case that the American shipper gets a regular service, the same kind of boat, so far as one can judge by the test of insurance, and the same rates, he has everything which the English shipper gets and is free from the deferred rebate system?—My answer to that would be, if I may give it?——

21880. Please do?—That without the rebate system, and the Conference arrangement as regards Europe, he would not get it. We have to look at our trade as a whole. Having this firm hold on the European side of the business, we are enabled to give New York a better service than we should be able to give if we were subject to a severe competition on this side, or were more liable to severe competition.

21881. Before 1902 was the service which you gave to New York substantially the same as the service which you gave in this country?—I cannot agree to that date of 1902. The year in which we commenced the rebate system was 1895, and undoubtedly the conditions since that date in our trade have changed to such an extent as, I consider, to necessitate the employment of some such arrangement as the rebate system.

21882. I pass from that point; you have made your meaning, if I may be allowed to say so, very clear. According to your statement there is a monopoly tempered, as I understand, by the risk of a fight with some powerful company?—Yes, that is so.

21883. And so far as the merchants and shippers are concerned, they are powerless to break up that monopoly?—I think it would be difficult for them to break it up.

21884. Might I say, not merely it would be difficult, but it would be practically impossible?—I think it would be impossible for the shippers from the United Kingdom to do it; but after all we have other shippers—our trade is international.

21885. I am curious to know if you can conceive as probable, or even possible, a combination, national or international, of shippers?—No, frankly I cannot.

21886. There being no combination practically possible on the part of shippers, do you see no way of dealing with what might happen to be, as perhaps you will admit, an unfair use of this monopoly?—I think that an unfair use of the monopoly if persisted in would lead to opposition. I do not say that the shippers themselves could start a Line, but I think that if in any trade the monopoly, if it existed, were really systematically abused, the opening for a competitive line would be so good as to tempt them.

21887. Am I appreciating your meaning wholly when I put it in this way: that if the abuse were such that a powerful company would think it worth while to spend a large sum of money in order to get in, the abuse would end?—It is very difficult to answer that. I think it might end, or it might not.

21888. Am I right also in saying that, in your view, there might be abuses of such a character as would be injurious to shippers, and yet not such as to tempt a large company to come in and enter into a costly fight?—I can hardly conceive of such a case; I mean it is clearly to our interest to develop the trade, and we must be assumed to be doing the best for it. After all, I think I may honestly claim that we have fostered and developed this trade.

21889. I am not making any suggestion to the contrary?—I find it very difficult to answer hypothetical cases of what might happen under certain conditions.

21890. One more point; it has been put to you before, but I want to be clear in regard to it. A shipper has begun shipments with your Line, or with one member of your Conference, on January 1st, 1907, we will say, and at the end of 1907, or on January 1st, 1908, he makes up his claim; suppose that the rate of freight had been during the first six months 25*s.*; do you think it would be fair to withhold the rebate if during the second half of 1907 the freight had been raised from 25*s.* to 30*s.* or 35*s.*?—I should consider that perfectly fair.

21891. You think it would be?—Yes.

21892. You would not think that the conditions under which the invitation to ship with you was given were changed?—No, I should not. I do not think that the invitation is based on the rates of freight at all.

21893. You think that condition is not implied—that that would not be understood by the parties to the contract?—I know as far as our shippers are concerned it would not—it has not been.

21894. (*Mr. Lawrence.*) You told us that since this rebate system came into force, the trade has increased very largely?—Yes.

21895. Since the rebate system has been in force, have you had any serious complaints from shippers generally, either about the rates of freight or about the conditions which you impose upon them?—No, we have not.

21896. Are there any shippers in your trade of sufficient importance to form a combination among themselves which you would have to view with respect if they were dissatisfied?—There are numerous shippers. Yes, that is so, if they formed any such combination; but there has never been any suggestion of anything of the kind.

21897. I am not suggesting there would be, but they could do so if they wished?—They could if they wished, certainly.

21898. They are sufficient in volume and in importance?—Yes.

21899. (*Chairman.*) I suppose shipowners, like other people, are influenced by public opinion, and if there were any extraordinary grievance, and public opinion were directed to it, that would affect the minds of shipowners, would it not?—Very greatly.

21900. One word about the monopoly, as I think there is a confusion of thought sometimes introduced by using that word. You told me that if a powerful line of steamers thought it would be profitable to enter the trade, the system of deferred rebates would not prevent them?—No, it would not.

21901. So, to that extent, and from that point of view, there is no absolute monopoly?—No, there is no absolute monopoly.

Mr. C. Booth, Junr.

2 June 1908.

21902. In ordinary trade the only way in which, unless I mistake, prices are arrived at, is this—that if the price charged for any length of time is too much, others then begin to compete?—Certainly.

21903. In that way prices are reduced, I mean prices are reduced by competition between persons who carry on the same business; and to that extent, and from that point of view, there is no reason at all why freights should not be reduced if they are very excessive?—None whatever.

21904. (*Mr. Owen Philipps.*) You told Sir John Macdonell that rates were practically equal between Liverpool and North Brazil and New York and North Brazil?—Yes.

21905. And Sir John drew the inference that the shippers from New York were at an advantage as compared with English shippers, owing to the fact that there were no rebates from New York; is it not the case that shippers from England to North Brazil have their goods carried for a very considerably longer distance than the shippers from New York to North Brazil?—Yes, it is a very considerably longer distance.

21906. At practically the same rate?—Yes.

21907. So that practically the English shippers have a very great pull over the New York shippers?—Yes, to that extent they have.

21908. Under the rebate system?—Under the rebate system.

21909. (*Mr. Maddison.*) So far as rates are concerned, could there be a Conference system with competition amongst the members of it?—As I understand the Chairman, if in any trade, rates were maintained at a really exorbitant level, you would inevitably have another Line coming in.

21910. And what would be the result of the other Line coming in? If you were beaten, what would happen?—The result might be that the rates would be lowered; I think that would undoubtedly be the case if the rates had been persistently maintained——

21911. Just a plain question: Does the Conference system exist as a Conference system of competing members, say, in rates?—No.

21912. (*Mr. Sanderson.*) Are the bulk of the American goods carried on your steamers really competitive with British goods?—No.

21913. (*Sir John Macdonell.*) You answered the last Commissioner by stating that the bulk of the American goods were not competitive with British goods; does that imply that there is a portion which is competitive, and, if so, what is it?—There may be a small portion that may be competitive. Perhaps the easiest way in which I can answer that is to tell you what is not, because I happen to know. Timber, kerosene, and flour, are the chief articles of export from New York. It is true that British flour might compete, but it has not competed—largely, I am afraid, owing to the fact that the British millers have not turned their attention to the North Brazil trade. Personally, we should be only too pleased if we got shipments of flour from Liverpool rather than from New York.

21914. So that at any time there may be competitive goods coming from New York?—There may be, but in practice at the moment there are not.

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